

DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR 2015

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRTEENTH CONGRESS
SECOND SESSION

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PART 1

	Page
FY 2015 Department of Defense Budget Overview	1
FY 2015 Navy/Marine Corps Budget Overview	87
FY 2015 Air Force Budget Overview	197
FY 2015 Army Budget Overview	277

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 2015

THURSDAY, MARCH 13, 2014.

FISCAL YEAR 2015 DEPARTMENT OF DEFENSE BUDGET OVERVIEW

WITNESSES

**HON. CHUCK HAGEL, SECRETARY, DEPARTMENT OF DEFENSE
GENERAL MARTIN DEMPSEY, UNITED STATES ARMY, CHAIRMAN,
JOINT CHIEFS OF STAFF**

**HON. ROBERT HALE, UNDER SECRETARY OF DEFENSE, COMP-
TROLLER**

OPENING STATEMENT OF CHAIRMAN FRELINGHUYSEN

Mr. FRELINGHUYSEN. Good morning. The committee will come to order. As we begin this hearing, I want to take a moment to pay tribute to the service of our late chairman, Congressman Bill Young. America's men and women in uniform had no more effective advocate. We will miss his leadership and friendship. For my part, my working relationship and friendship with Mr. Visclosky, our committee's ranking member, will help fill that loss. Our recent trip to the Middle East strengthens the ties that bind us in our work together.

We meet today to begin a series of hearings to examine the fiscal year 2015 budget request for the Department of Defense. We are pleased to welcome the Secretary of Defense Chuck Hagel; the Chairman of the Joint Chiefs of Staff General Martin Dempsey; and the Department of Defense Comptroller, the Honorable Robert Hale.

Mr. Secretary, thank you for your service in Vietnam, distinguished service. General Dempsey, thank you for your decades of service to our country since your graduation from West Point. And to Bob Hale, thank you for being the longest continuous-serving Comptroller for the Department of Defense. And we hear of your retirement, but on behalf of the committee, both sides, and we are unified on this committee, we thank you for your remarkable service and dedication. We are honored to have each of you here today, and we look forward to your testimony.

For the first time in years, the committee is operating under regular order. The budget agreement reached in December between Congress and the President means that we can proceed in an orderly, deliberate, transparent fashion to meet our responsibilities to the full committee, the full House and to the American people.

Over the past several years, the practice of funding the Federal Government through continuing resolutions has seriously affected the ability of both the Department of Defense and Congress to do long-range planning that is crucial to our defense and intelligence responsibilities. Furthermore, the sequester, which the President proposed and the Congress agreed to, has compounded the problem. We must all work together to avoid its return.

The committee has, as it always had, two principal responsibilities. First is to provide the Department of Defense and the intelligence agencies with the resources they need to carry out their missions in the most effective and efficient manner. The second and equally important responsibility is to ensure that our men and women in uniform, every one of whom volunteers, have the resources they need to defend our Nation and support their families.

As a committee, I want to be certain that everyone knows that these hearings will provide all of our Members with the opportunity to ask questions they have and get the answers they require to make fully informed judgments about the budget before us.

Ladies and gentlemen, we begin these hearings today at a critical juncture for America. The decisions this committee makes will help set the course for America's defense capabilities not just for the coming year, but for many years to come. And as we consider this budget, we must recognize we still live in a dangerous and unstable world, in the Middle East and throughout Africa, in Ukraine and Asia, and in countless hidden places where nonstate actors are planning and plotting to do harm to our country and our interests both at home and abroad.

So among the challenges this committee faces are these: First, how do we use limited resources in the most efficient and effective way? That includes making certain our acquisition process works.

Second, what are the risks associated with the decisions we make on the size of our military; the size of our Army, Navy, Air Force, and Marines? And what capabilities, such as the increased use of drones or cyber warfare, do we want our military to emphasize?

Third, are those risks tolerable given the threats and conflicts we can responsibly be expected to face as a Nation and as a world leader?

And fourth, with so many demands and such limited resources, what specifically do we hope to achieve through the 2015 budget?

People around the world, our allies and adversaries, are watching to see how we answer these questions, and we want to be certain that our response reassures our allies and deters our enemies. The budget is, after all, not just about numbers; the budget is, in essence, a policy document. Where we decide to spend our money reflects, or should reflect, our strategies for defending our Nation. Those choices also reflect our best evaluation of where the most likely threats to our national security are likely to originate and how we can best overcome them when they materialize.

We have heard talk from the administration it is time for the United States to get off a war footing. Frankly, that troubles me, coming as I do from a State that suffered so much loss on September 11th, 2001. Nations around the world saw the manner in which we withdrew from Iraq and the way we are addressing Iran and Syria. They will be watching now how we exit Afghanistan,

and they want to know whether America is still willing, ready, and able to lead.

When we talk about getting off war footing, it suggests to both our adversaries and our allies alike that the United States has lost its will and its ability to lead. If that is the message we send, we will be promoting greater instability in the world and not less. History is replete with examples of what happens to a great nation when it tires of the responsibilities that accompany greatness. If we withdraw from the world's stage, we would leave a vacuum that others, others whose interests do not necessarily align with ours, are all too eager to fill.

But even at a more basic level, history also shows the wisdom of what George Washington said more than two centuries ago: To be prepared for war is one of the most effective means of preserving the peace. We must make certain that in meeting the demands of fiscal austerity we do not leave any question, any question, about our will and our ability to defend ourselves and our interests around the world.

It is not enough to say that the President's proposed budget does not support the military any of us wants. We must do everything to ensure that it supports the military we need. We must be creative and innovative in finding ways to rein in spending and make every dollar count, while also meeting our national security responsibilities and providing our military with what it needs to meet its various missions.

And we must hear directly from you, Mr. Secretary, where this budget is taking us and exactly what our defense posture will look like in 1, 2, or 5 years from now as a result of it. We must also be realistic, realistic not just about our resources, but also about the world in which we live, realistic about the threats we face today and are likely to face in the years ahead, and realistic about maintaining our ability to deter and then, if necessary, meet those threats effectively and decisively.

Now I would like to recognize my ranking member Mr. Visclosky for any comments or statements that he would like to make. Thank you.

REMARKS OF MR. VISCLOSKY

Mr. VISCLOSKY. Mr. Chairman, thank you very much. I would associate myself with your opening remarks and ask my entire statement be entered into the record.

And, gentlemen, I would certainly thank you for your attendance today and your service. I would especially want to recognize Mr. Hale, our Under Secretary of Defense, the Comptroller. As the chairman indicated, this may very well be your last official appearance before the Defense Subcommittee.

Mr. Hale, you have helped the Pentagon navigate what I think is probably the most difficult fiscal and financial terrain that they have had to deal with since I showed up in Washington on a congressional staff in 1977. And in all sincerity, I thank you for your service to our country. You have always performed your responsibilities with wisdom, whether I have always agreed with that wisdom or not, discretion, and as a gentleman. And again, the people of this Nation have been served well by you. I appreciate it.

On the surface, the fiscal year 2015 budget request suggests stability; however, there is much uncertainty and change within an apparently stable top line. The fiscal year 2015 budget clearly expresses a desire to break out of the constraints imposed by the Budget Control Act. This is best evidenced by the Opportunity, Growth, and Security Initiative, which recommends \$56 billion in spending above the bipartisan budget agreement, paid for with tax reform and mandatory spending cuts; 26.4 billion of this is proposed for the Department of Defense and would suggest, speaking only for myself, that those are very questionable assumptions.

The request leaves the overseas contingency operations funding unresolved, and I think this is a very serious problem that we face in the Congress with this subcommittee. On these, the budget annex contains plenty of struck language from the prior fiscal year but provides no new language for fiscal year 2015.

The Department of Defense budget does include a placeholder for \$79 billion but also fails to provide justification for this amount. We certainly recognize this stems from the uncertainty in Afghanistan, specifically whether or when the Afghans approve the bilateral security agreement. However, under any scenario being discussed, there will be a requirement for OCO funding in fiscal year 2015, if nothing else, for the first quarter. Some path forward must be chosen to provide the support required for our deployed forces.

I am very optimistic and happy that potentially we will have this bill on the House floor in June, and if there is not a sentence of justification for \$79 billion, you provide us with a very difficult task as we proceed.

Finally, the request also embarks on initiatives to control the growth of personnel and healthcare costs that consume an increasing share of the Defense budget. I congratulate you for addressing a very important and difficult issue. In light of failed attempts in the past, I would remark that Congress must be very responsible and not simply react in a politically convenient fashion, and be as deliberate in our consideration of your proposals as you have been in putting them together.

Again, with the chairman and the other members of the subcommittee, I look forward to your testimony. Thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Visclosky.

SUMMARY STATEMENT OF SECRETARY HAGEL

Mr. FRELINGHUYSEN. Mr. Secretary, good morning again. Thank you for being here. Your entire statement will be put in the record, and if you would be good enough to proceed.

Secretary HAGEL. Mr. Chairman, thank you. Ranking Member Visclosky, thank you, and to the members of this committee, we very much appreciate the opportunity to be here this morning. And I want to particularly note General Dempsey's presence, who I have come to have the highest regard for and rely on his partnership and wise counsel during the time that I have had the privilege to serve as Secretary of Defense, and I always appreciate him for what he is and what he does and what he represents to this country.

Mr. Hale has been appropriately noted, beatified, sainted, glorified, and I don't think it is an overstatement at all to note what

you have each said about his service and the sacrifice he has made to this country. And as Congressman Visclosky noted, it has probably been as difficult a 5-year run as Comptroller as maybe any Comptroller at the Pentagon has ever had.

Mr. FRELINGHUYSEN. He is a Navy veteran, too, so we didn't mention that.

Secretary HAGEL. Well, let the record show, of course, that he is a Navy veteran.

But thank you, Bob, and I will miss you. We will all miss you.

While our focus, Mr. Chairman, I know, today, as you have noted, is on the Defense Department's fiscal year 2015 budget, let me first address, if I might briefly, the situation in Ukraine. As you know, the administration's efforts have been focused on de-escalating the crisis, supporting the new Ukrainian Government with economic assistance, and reaffirming our commitments to our allies, NATO partners in Europe.

Yesterday, as you all know, the President met with Ukraine's interim Prime Minister here in Washington and reconfirmed America's strong commitment to the people of Ukraine. Secretary Kerry will meet again tomorrow in London with his counterpart, Russian Foreign Minister Lavrov, and I know Secretary Kerry is here on the Hill today to address some of the more specific issues on this issue.

Chairman Dempsey and I have spoken with our Ukrainian counterparts, our NATO counterparts, as well as our Russian counterparts, and Chairman Dempsey and I will meet with NATO Secretary General Rasmussen here in Washington next week.

Last week we put a hold on all military-to-military engagements and exercises with Russia and directed actions to reenforce NATO allies during this crisis. These include augmenting joint training efforts at our aviation detachment in Poland with 12 F-16s and 300 additional personnel, and increasing our participation in NATO's Baltic air policing mission by deploying 6 F-15s and one refueling tanker to Lithuania.

I know that many members of this committee, particularly Congresswoman Kaptur, have been instrumental in helping the United States stand with the Ukrainian people, and I also know that you all, in the House last week, took important action by passing a \$1 billion package of loan guarantees for Ukraine. In addition, the President has called on Congress to increase the International Monetary Fund's capacity to lend resources to Ukraine. I strongly support this effort because the IMF is best positioned to provide the Ukrainian Government and people with the technical expertise and the financial resources it needs.

Mr. Chairman, the events of the past week once again underscore the need for America's continued global engagement in leadership. The President's Defense budget reflects that reality, and it helps sustain our commitments and our leadership in a very defining time. I believe this budget, as you have noted in your opening comments, is far more, has to be far more, than a set of numbers or just a list of decisions. It is a statement of values. It is a statement of priorities. It is a statement of our needs. It is a statement of our responsibilities. It is a realistic budget. It prepares the United States military to defend our national security in a world

that is becoming less predictable, more volatile, and in some ways more threatening to our country and our interests.

It is a plan that allows our military to meet America's future challenges and threats. It matches our resources to our strategy, and it is a product of collaboration. All of DoD's military and civilian leaders were included in this effort, the Chairman, the Vice Chairman of the Joint Chiefs, the service secretary, the service Chiefs, the senior enlisted and others.

As we all know, America has been at war for the last 13 years. As we end our second war of the last decade, our longest war ever, this budget adapts and adjusts to new strategic realities and fiscal restraints, while also, something you noted in your opening comments, is focused on preparing for the future. As we all recognize, this is an extraordinary time. I don't believe any of us have ever quite lived through this kind of time.

You opened your remarks this morning, Mr. Chairman, saying this is the first time the regular order has been dealt with for some time in dealing with budgets. Rarely have we had so much budget uncertainty, living with continuing resolutions as we adjust to a very large and abrupt set of budget cuts. As a result, this budget is not business as usual. It begins to make the hard choices that we are all going to have to make. All of us are going to have to make some hard choices. The longer we defer these difficult decisions, the more risk we will have down the road, forcing our successors to face far more complicated and difficult choices into the future.

Last year DoD's budget cut was \$37 billion because of sequestration. Now, that is on top of the \$487 billion 10-year reductions under the Budget Control Act that DoD was already implementing. December's Bipartisan Budget Act gave DoD some temporary relief from sequestration, but it still imposes more than \$75 billion in cuts over the next 2 years. And unless Congress changes the law, sequestration will cut another \$50 billion each year starting in fiscal year 2016. The President's 5-year plan provides a realistic alternative to sequestration-level cuts, projecting \$115 billion more than current law allows from 2016 to 2019.

DoD requires that additional funding to implement our updated defense strategy as outlined in the Quadrennial Defense Review, and to responsibly meet the national security missions of the Department of Defense. The strategic priorities articulated in the QDR represent America's highest security interests: defending the homeland, building security globally, deterring aggression, and being ready and capable to win decisively against any adversary.

The funding levels in the President's budget let us execute this strategy with some increased risks in certain areas, and we point those risks out. These risks would be reduced if Congress approves the President's Opportunity, Growth, and Security Initiative, a proposal that would provide DoD with an additional \$26 billion in fiscal year 2015 to improve readiness and modernization. We have been in a deep hole in readiness the last 2 years. We have deferred many of our most important future programs to keep this country technologically superior and our forces modern.

My submitted statement contains details of this initiative, Mr. Chairman, which I strongly support. Since my submitted statement

provides a detailed explanation of our budget request and the rationale behind all of our key decisions, I would like to briefly focus on just a couple of critical issues.

First, the relationship between our fiscal year 2015 budget request and our Future Years Defense Program, which we shared with Congress last week. As we all know, Congress appropriates 1 year at a time, and this committee is focused on drafting and passing a defense appropriations bill for fiscal year 2015. The President's fiscal year 2015 budget request fully funds our preferred long-term force levels, 440- to 450,000 Active Army, 182,000 Marines, and 11 aircraft carriers. We can do this because the Bipartisan Budget Act gave us some certainty in fiscal year 2015.

In fiscal year 2016 and beyond, sequestration returns and remains the law of the land. In developing our Future Years Defense Program, we chose to plan for two scenarios for fiscal year 2016 through 2019, one where Congress provides DoD the resources needed to support our defense strategy, and one where sequestration-level cuts are reimposed. We had to do this because future funding levels are uncertain. We just don't know how much funding Congress will provide for decades—or for defense in our fiscal year 2016 budget and beyond. And it would have been irresponsible for our planning to completely ignore the law of the land.

Our detailed planning for sequestration-level cuts showed that sequestration would impose some force structure reductions that simply can't be implemented with the push of a button. They require precise plans, longer time horizons in planning; therefore, our Future Years Defense Program hedges. It projects \$115 billion above sequestration-level spending on fiscal year 2016—in fiscal year 2016 through 2019, because those are the resources that will be required to execute the President's defense strategy, although at a higher risk for certain missions.

But even though the Future Years Defense Program projects this additional spending, in its later years, the plan includes the sequestration-level force structure reductions that take the longest to plan and implement. By the end of 2019, it shows the Active Army being reduced to 420,000 soldiers and Marine Corps reductions to 175,000. It also reflects decommissioning of the aircraft carrier *USS George Washington*, even though we are committed to paying its overhaul, and if we receive funding at the levels requested by the President's budget, we can accomplish that. But we had to plan for sequestration-level budgets.

We are not recommending the sequestration-level reductions; just the opposite. In fact, we are urging Congress to provide the additional resources requested by the President, but we cannot ignore the reality that sequestration remains the law for fiscal 2016 and beyond. So we start planning for some of the most challenging decisions required under sequestration. It would be irresponsible not to do so.

DoD leaders all agree that our preferred force structure levels can be sustained if DoD receives appropriations at the President's budget level over the next 5 years, and I have codified this in written guidance to the service secretaries and the service Chiefs. But Congress, Mr. Chairman, must reverse sequestration in order for DoD not to plan for these large force structure reductions.

Next, let me address the balance between readiness, capability, and capacity in this budget request. After more than a decade of long, large stability operations, we traded some capacity to protect readiness and modernize capabilities as we shift to focus on future requirements shaped by enduring and emerging threats. We have to be able to defeat terrorist threats and deter adversaries with increasingly modern weapons and technological capabilities.

We must also assure that America's economic interests, our economic interests are protected, they are protected through open sea lanes, freedom of the skies and space, and deal with one of the most urgent and real threats facing our Nation today and well into the future, cyber attacks. That is why we protected funding for cyber and Special Operations Forces.

For the Active Duty Army, we propose over the next 5 years drawing down, as I have noted, to about 440- to 450,000 soldiers. Mr. Chairman, that is less than 10 percent below its size pre-9/11. We believe this is adequate for future demand and future threats. We will continue investing in high-end ground capabilities to keep our soldiers the most advanced, ready, and capable in the world.

Army National Guard and Reserve units will remain a vibrant part of our national defense and will draw down by about 5 percent. We will also streamline Army helicopter force structures by reducing the Guard's fleet by 8 percent. The Active Duty's fleet will be cut by around 25 percent. But we will still be able to maintain and keep these helicopters modernized as we move from a fleet of seven models to four.

The Navy, for its part, will take 11 ships out of its operational inventory, but they will be modernized and returned to service with greater capability and longer life spans. This will also support a strong defense industrial base. That industrial base, as this committee knows, itself is a national strategic asset that we must not allow to let down.

The Marine Corps will continue its planned drawdown to 182,000 but will devote 900 more marines to increased embassy security. And the Air Force will retire the aging A-10, replacing it with more advanced multimission aircraft like the Joint Strike Fighter.

Now, Mr. Chairman, regarding compensation reform, taking care of our people, as we all know you are committed to, we are committed to, means providing them with both fair compensation as well as the training and the tools and the edge they will always need to succeed in battle and return home safely. To meet those obligations under constrained budgets, we need some modest adjustments to the growth in pay and benefits. All these savings will be reinvested in training and equipping our troops, and there are no proposals to change retirement in this budget.

Let me clarify what these compensation adjustments are and what they are not. First, we will continue to recommend pay increases. They won't be as substantial as in past years, but they will continue.

Second, we will continue subsidizing off-base housing costs. The 100 percent benefit of today will be reduced, but only to about 95 percent, and it will be phased in over the next several years.

Third, we are not shutting down commissaries. We recommend gradually phasing out some subsidiaries—or subsidies, but only for domestic commissaries that are not in remote areas.

Fourth, we recommend simplifying and modernizing our three TRICARE systems by merging them into one TRICARE system, with modest increases in copays and deductibles for retirees and family members, and encourage them more fully to use the most affordable means of care. Active Duty personnel will still receive care that is entirely free.

The President's Defense budget supports our defense strategy. It defends this country, and it keeps our commitments to our people. However, these commitments will be seriously jeopardized if we don't have the funds and the resources to be able to implement them. My submitted testimony details how sequestration would compromise that security, and the result would be a military that could not fulfill its defense strategy, putting at further risk America's traditional role as a guarantor of global security and ultimately our own security. It is not the military the President, General Dempsey, our leaders and I want. It is not the military you want. It is certainly not what we want for our future. But it is the path we are on unless Congress does change the law.

Mr. Chairman, members of the committee, DoD leaders and I look forward to working with you, all of you, as we make the difficult choices that are going to be required, difficult choices to continue to assure America's security and protect our national interests. Thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Secretary.

[The written statement of Secretary Hagel follows:]

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**SECRETARY OF DEFENSE CHUCK HAGEL
SUBMITTED STATEMENT TO THE HOUSE APPROPRIATIONS
COMMITTEE – DEFENSE ON THE FY 2015 BUDGET REQUEST FOR
THE DEPARTMENT OF DEFENSE
THURSDAY, MARCH 13, 2014**

Chairman Frelinghuysen, Ranking Member Visclosky, members of the committee: thank you for the opportunity to be here today.

The President's Fiscal Year 2015 budget submission for the Department of Defense fully reflects the historic transition taking place as America winds down the longest war in its history. This is a defining budget that will begin adapting and reshaping our defense enterprise for years to come.

With this budget, we are repositioning the military for the new strategic challenges and opportunities that will define our future: new technologies, new centers of power, and a world that is growing more volatile, more unpredictable, and in some instances more threatening to the United States. We are also helping navigate through a period of great uncertainty regarding the future level of resources DoD will have to defend the nation.

I have no illusions about the fiscal realities facing DoD. It was almost exactly one year ago that \$37 billion in sequestration cuts were imposed for Fiscal Year 2013 – cuts that came on top of the \$487 billion, ten-year defense spending reductions required by the Budget Control Act of 2011.

We had to implement this \$37 billion cut in a matter of months while trying to avoid catastrophic damage to national security. It wasn't easy, and our people and our mission suffered for it.

Today, DoD is in a better place as a result of the Bipartisan Budget Act passed in December 2013. It provided DoD with some relief in this Fiscal Year and for Fiscal Year 2015. And it gave us much-needed budget certainty for the next fiscal year.

The Bipartisan Budget Act was possible because members of Congress both Republican and Democrat worked together with this Administration for the greater interests of our country.

But we're not yet where we need to be. So our partnership must continue.

Under the spending limits of the Bipartisan Budget Act, DoD's budget is roughly \$496 billion in Fiscal Year 2014 – or \$31 billion below what the President requested last year. The law also meant cutting DoD spending in Fiscal Year 2015 to \$496 billion, which is \$45 billion less than was projected in the President's budget request last year. And sequestration-level cuts remain the law for Fiscal Year 2016 and beyond.

The President's budget request adheres to Bipartisan Budget Act spending limits for Fiscal Year 2015. But it is clear that under these limits the military will still face significant readiness and modernization challenges next year. To close these gaps, the President's budget also includes an Opportunity, Growth and Security Initiative. This initiative is a government-wide proposal that is part of the President's budget submission. It would provide an additional \$26 billion for the Defense Department in Fiscal Year 2015.

These additional funds are paid for with a balanced package of spending cuts and tax reforms, and would allow us to increase training, upgrade aircraft and weapons systems, and make needed repairs to our facilities. The money is specifically for bringing unit readiness, equipment, and facilities closer to standard after the disruptions and large shortfalls of the last few years. I strongly support the President's proposal.

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Defense budgets have long included both a one-year budget request, and a five-year plan that indicates expectations for the future. Over five years, the President's plan projects \$115 billion more in spending than at sequestration levels.

Some have asked why the President continues to request budgets above sequestration levels. The reason is clear. President Obama and I are not going to ask for a level of funding that would compromise America's national security interests. We never would. Continued sequestration cuts would compromise our national security both for the short- and long-term.

That said, if sequestration returns in Fiscal Year 2016 and beyond, or if we receive funding levels below the President's request, we are prepared to specify the cuts we would have to make, and the risks we would then have to assume. These cuts are detailed in this testimony.

However, the President, the Chairman, and I do not expect Congress to push us further down a path that has clear risks to our national security. Instead, we expect that all of us can continue working together, as partners, to find a balance... and to assure America's national security. If Congress is going to require us to operate under increasingly constrained budgets, Congress must partner with us so that we can make the right decisions.

The President's budget matches resources to the updated defense strategy in this year's Quadrennial Defense Review (QDR), which builds on the President's January 2012 Defense Strategic Guidance. The QDR is not budget-driven; rather, it is resource-informed, defining the risks assumed under the President's budget as well as the risks that would be assumed under the return of sequestration. A QDR that completely ignores fiscal realities would be irrelevant.

The QDR outlines our top strategic priorities, which weighed heavily on the choices presented in this budget:

- Defending the homeland against all threats;
- Building security globally by projecting U.S. influence and deterring aggression; and,
- Remaining prepared to win decisively against any adversary should deterrence fail.

By prioritizing DoD's strategic interests, we will rebalance our military over the next decade and put it on a sustainable path to protect and advance U.S. interests and America's global leadership.

To fulfill this strategy DoD will continue to shift its operational focus and forces to the Asia-Pacific, sustain commitments to key allies and partners in the Middle East and Europe, maintain engagement in other regions, and continue to aggressively pursue global terrorist networks.

As a whole, this budget allows DoD to implement the President's defense strategy, albeit with some increased risks, which I specify later in my testimony.

The reality of reduced resources and a changing strategic environment requires us to prioritize and make difficult choices. Given the uncertainty about funding levels, our current five-year plan reduces selected end strengths and forces to levels consistent with sequestration-level cuts. Those additional reductions could be reversed if funding rises above sequestration levels. I explain this in greater detail later in my testimony. The way we formulated our budget gives us the flexibility to make difficult decisions based on different fiscal outcomes.

Budget Top-Lines: Balancing Readiness, Capability, and Capacity

Consistent with the strict spending limits of the Bipartisan Budget Act, President Obama is requesting \$495.6 billion for DoD's Fiscal Year 2015 base budget. Since last year's plans expected \$541 billion for Fiscal Year 2015, this represents a \$45 billion cut. It will allow the

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military to protect U.S. interests and fulfill the updated defense strategy – but with somewhat increased levels of risk. DoD can manage these risks under the President’s Fiscal Year 2015 budget plan, but risks would grow significantly if sequestration-level cuts return in Fiscal Year 2016, if proposed reforms are not accepted, and if uncertainty over budget levels continues.

In formulating this budget, our priority was balancing readiness, capability, and capacity – making sure that whatever size force we have, we can afford to keep our people properly trained, equipped, compensated, and prepared to accomplish their mission. That’s the only reasonable course under constrained budgets. There’s no point in having a larger military if you can’t afford to keep it ready and capable.

Accordingly, a little more than two-thirds of DoD’s Fiscal Year 2015 budget – \$341.3 billion – funds our day-to-day costs, what a business might call their operating budget. These funds pay for things like fuel, spare parts, logistics support, maintenance, service contracts, and administration. It also includes pay and benefits for military and civilian personnel, which by themselves comprise nearly half of the total budget.

The remaining third of our budget – \$154.3 billion – pays for investments in future defense needs, or what a business might call their capital improvement budget. These funds are allocated for researching, developing, testing, evaluating, and ultimately purchasing the weapons, equipment, and facilities that our men and women in uniform need to accomplish their mission.

Broken down in a more specific way, our budget includes the following categories:

- Military pay and benefits (including health care and retirement benefits) – \$167.2 billion, or about 34% of the total base budget.
- Civilian pay and benefits – \$77 billion, or about 16% of the total base budget.
- Other operating costs – \$97.1 billion, or about 19% of the total base budget.
- Acquisitions and other investments (Procurement; research, development, testing, and evaluation; and new facilities construction) – \$154.3 billion, or about 31% of the total base budget.

Those figures do not include funding for Overseas Contingency Operations (OCO) in Fiscal Year 2015. Since the Administration is still determining its post-2014 presence in Afghanistan and the President of Afghanistan has yet to sign the Bilateral Security Agreement, the President’s budget currently includes a placeholder for DoD’s OCO request, equal to last year’s request. I appreciate the Congress’s understanding that OCO funding is particularly important to our service members deployed around the world, and request that it be approved expeditiously once the President submits his complete OCO funding request for Fiscal Year 2015.

Being More Efficient

But first, asking taxpayers for half a trillion dollars means that DoD must make every dollar count – particularly under budget constraints. So we’re continuing to find new ways to use our resources more wisely and strategically, be more efficient, reduce overhead, and root out waste, fraud, and abuse.

This year, a new package of reforms in these areas – the second-largest submitted by this Administration – produced \$18.2 billion in savings for Fiscal Year 2015, and some \$93 billion in savings through Fiscal Year 2019. This enabled us to make smaller cuts in other areas. Building on a 20% cut in management headquarters operating budgets – which we began implementing in

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December for the Office of the Secretary of Defense and the Joint Staff, and which the services and agencies are implementing during the five-year defense plan – this package includes savings from reducing contractor costs and civilian personnel; terminating or delaying some troubled weapons and procurement programs in favor of higher priorities; and cutting back on costs at certain defense agencies. It also includes health care savings that we found by cutting back lower-priority research projects and construction and by taking advantage of slower growth of health care costs in the private sector.

We are also continuing to monitor previous years' initiatives to use our resources more efficiently, as well as making progress toward auditability on our financial statements. DoD remains committed to becoming fully audit-ready by 2017, and to achieving audit-ready budget statements by this September. This is an ambitious goal for an organization of our size and complexity, and there is still much more work to do. But we are making real progress. Several DoD organizations have achieved important, positive audit results. Last year, for example, the Marine Corps became the first military service to receive an unqualified audit opinion – in this case for the current year of its budget statement.

In addition to these efforts, we must take a serious look at responsible procurement and acquisition reforms that will further increase the buying power of defense dollars. This is particularly important if we're going to protect investments in modernized capabilities. DoD officials are already working closely with Congressional efforts to go over defense acquisition and procurement laws line-by-line, and we hope to start implementing legislative reforms as soon as this year.

No reasonable discussion of allocating our resources more efficiently can avoid the need to reduce excess facilities. With this submission, we are asking you to authorize a round of Base Realignment and Closure (BRAC) to begin in Fiscal Year 2017.

I understand Congress' concerns about BRAC, including your desire to reduce overseas infrastructure first and your frustrations with BRAC 2005. That's why this round will be focused on finding savings rather than reorganization and will feature a rapid payback of up-front costs, and why DoD will continue to reduce overseas infrastructure.

But we must also divest ourselves of excess domestic facilities, and BRAC is the most responsible path. I am mindful that Congress has not agreed to our BRAC requests of the last two years, but if Congress continues to block these requests while reducing the overall budget, we will have to consider every tool at our disposal to reduce infrastructure. We can't keep financing overhead that we don't need, because we're taking that money away from areas that we do need. The more we delay now, the more we'll have to spend later on unneeded installations instead of on training, equipping, and compensating our people – robbing our troops of the resources they need to be able to fight and win decisively when we send them into harm's way.

Congress and DoD must work together as partners to make these decisions wisely – because no matter what, we must reduce force structure and end strength in order to sustain a ready and capable force under constrained budgets.

Sustaining a Ready and Capable Force – Now and in the Future

This is the lesson of every defense drawdown over the past 70 years. Whether after World War II, Korea, Vietnam, or the Cold War, the U.S. military retained more force structure than it could afford to properly train, maintain, and equip – giving too much weight to capacity

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over readiness and capability. Because readiness and modernization were sacrificed, it took much more money for the military to recover and be sufficiently trained and equipped to perform assigned missions. And conflict ultimately did resurface.

We can't afford to repeat those mistakes, which is why we decided to trade some capacity for readiness and modernized capabilities, in order to ensure that our military will be well-trained and supplied in arms and equipment. All of our force structure decisions were made strategically – protecting investments in the forces that would be uniquely suited to the most likely missions of the future, and minimizing risk in meeting the President's defense strategy.

Our decisions for investing in a modernized and capable future force were made in a similar way. With the proliferation of more advanced military technologies and other nations pursuing comprehensive military modernization, we are entering an era where American dominance on the seas, in the skies, and in space – not to mention cyberspace – can no longer be taken for granted. Because it is essential for deterring aggression, and because the risk of failure against those potential adversaries would be far greater than against any others, the President's budget puts a premium on rapidly deployable, self-sustaining platforms that can defeat more technologically advanced adversaries.

Sustaining these critical investments under restrained budgets required setting strategic priorities and making difficult tradeoffs. That's why each service's budget allocations were made based on strategy and with the goal of maintaining balance in the readiness, capability, and capacity of the force.

Army: (24% of the President's Fiscal Year 2015 budget)

The Army's \$120.3 billion will support 32 active-duty brigade combat teams in Fiscal Year 2015. Since we are no longer sizing the force for large and prolonged stability operations, the Army will accelerate the pace and increase the scale of its post-war drawdown – reducing by 13%, from about 520,000 soldiers to a range of 440,000-450,000 active-duty soldiers instead of 490,000. To maintain a balanced force, the Army National Guard and Reserves will also draw down, but by a smaller percentage and by a smaller amount than the active Army – reducing by an average of 5%, from about 355,000 Guardsmen and 205,000 Reservists to 335,000 Guardsmen and 195,000 Reservists.

Analysis conducted by the QDR indicated that under the President's budget, the U.S. military's resulting post-war ground force will be sufficient to meet the updated defense strategy: capable of decisively defeating aggression in one major combat theater – as it must be – while also defending the homeland and supporting air and naval forces engaged in another theater.

In terms of capabilities, we chose to terminate and reevaluate alternative options for the Army's Ground Combat Vehicle program, which had become too heavy and needed an infusion of new technology. The Army will also streamline its helicopter force from 7 to 4 airframes. Aging Kiowa helicopters and older training helicopters will be retired and replaced with more advanced Apache helicopters that will move from the National Guard to the active force. In return, the Guard will receive much more versatile Blackhawk helicopters, which are not only critical for warfighting, but also more apt for the missions the Guard conducts most frequently, such as disaster relief and emergency response.

The past decade of war has clearly shown that Apaches are in high demand. We need to put the Apaches where they will be ready to deploy fast and frequently when they're needed. This decision will also help the Guard's helicopter force more closely adhere to state and federal

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requirements for homeland defense, disaster relief, and support to civil authorities while still serving as an important operational and strategic complement to our active-duty military. The Guard's helicopter fleet would only decline by 8% compared to the active Army's decline by 25%, and the overall fleet will be significantly modernized under the President's budget plan.

In making these difficult decisions on the Guard and Reserves, we affirmed the value of a highly capable reserve component, while keeping the focus on how our military can best meet future demands given fiscal constraints. We made choices based on strategic priorities, clear facts, unbiased analysis, and fiscal realities... and with the bottom line focus on how best we can defend the United States.

Navy and Marine Corps: (30% of the President's Fiscal Year 2015 budget)

The Navy and Marine Corps are allocated \$147.7 billion for Fiscal Year 2015. The Navy's \$124.9 billion will support a fleet approaching 300 ships and some 323,600 active-duty sailors, as well as help preserve the fleet's modernization programs. The President's budget plan protects our investments in attack submarines, guided missile destroyers, and afloat staging bases – all of which we will need to confront emerging threats. Specifically:

- Virginia-class Attack Submarines: We are requesting \$5.9 billion for FY 2015, and \$28 billion over the FYDP, to support buying two submarines a year through FY 2019.
- DDG-51 Guided Missile Destroyers: We are requesting \$2.8 billion for FY 2015, and \$16 billion over the FYDP, to support buying two DDG-51 destroyers a year through FY 2019. This will grow our destroyer inventory from 62 at the end of FY 2014 to 71 (68 DDG-51s, 3 DDG-1000s) at the end of FY 2019.
- Afloat Forward Staging Bases: We are requesting \$613 million over the FYDP to support buying one afloat forward staging base between now and FY 2019.
- Aircraft Carriers: The President's budget plan enables us to support 11 carrier strike groups, including the U.S.S. *George Washington* and its carrier air wing. If we receive the President's funding levels through FY 2019, we will keep the *George Washington* in the fleet and pay for its nuclear refueling and overhaul. We are requesting \$2 billion in FY 2015 and \$12 billion over the FYDP to support completion of the *Gerald Ford*, construction of the *John F. Kennedy*, and initial procurement of the next carrier.
- F-35 Joint Strike Fighter: The Department of the Navy is acquiring two F-35 variants – the Navy carrier-based variant, the F-35C, and the Marine Corps short-take-off-and-vertical-landing variant, the F-35B. The Navy is requesting \$3.3 billion for eight aircraft in FY 2015 (two F-35Cs and six F-35Bs), and \$22.9 billion for 105 aircraft over the FYDP.

Again, trade-offs were required to prioritize those investments under current budget constraints. In order to help keep its ship inventory ready and modern at reduced budget levels, half of the Navy's cruiser fleet – or eleven ships – will be placed in a long-term phased modernization program that will eventually provide them with greater capability and a longer lifespan. This approach to modernization enables us to sustain our fleet of cruisers over the long term, which is important because they're the most capable ships for controlling the air defense of a carrier strike group.

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Despite preserving the fleet's modernization programs and providing for increases in ship inventory over the next five years, I am concerned that the Navy is relying too heavily on the Littoral Combat Ship (LCS) to achieve its long-term goals for ship numbers.

The LCS was designed to perform certain missions – such as mine sweeping and anti-submarine warfare – in a relatively permissive environment. But we need to closely examine whether the LCS has the independent protection and firepower to operate and survive against a more advanced military adversary and emerging new technologies, especially in the Asia Pacific. If we were to build out the LCS program to 52 ships, as previously planned, it would represent one-sixth of our future 300-ship Navy. Given continued fiscal constraints, we must direct future shipbuilding resources toward platforms that can operate in every region and along the full spectrum of conflict.

Therefore, no new contract negotiations beyond 32 ships will go forward. With this decision, the LCS line will continue beyond our five-year budget plan with no interruptions. Additionally, at my direction, the Navy will submit alternative proposals to procure a capable and lethal small surface combatant, generally consistent with the capabilities of a frigate. I've directed the Navy to consider a completely new design, existing ship designs, and a modified LCS. These proposals are due to me later this year in time to inform next year's budget submission.

While these decisions still keep the Navy on track for a 300-ship inventory by 2019, finding the money required to modernize older ships and buy new ones will depend on the Navy's success in its aggressive and ambitious plans to reduce acquisitions costs and use available resources more efficiently, particularly in the acquisition of contracted services. My office will be keeping a close eye on these efforts.

The Marine Corps' \$22.7 billion will support 182,700 Marines, including about 900 more Marines devoted to increased security at embassies around the world. It will also support a geographically-distributed force posture in the Asia-Pacific, which will be critical as we continue rebalancing to the region.

Air Force: (28% of the President's Fiscal Year 2015 budget)

The Air Force is allocated \$137.8 billion in Fiscal Year 2015. We chose to protect funding for advanced systems most relevant to confronting threats from near-peer adversaries – including the F-35 Joint Strike Fighter, the new Long Range Strike Bomber, and the KC-46 refueling tanker. These platforms will be critical to maintaining aerial dominance against any potential adversaries for decades to come. Specifically:

- **F-35 Joint Strike Fighter:** We are requesting \$4.6 billion for 26 aircraft in FY 2015, and \$31.7 billion for 238 aircraft over the FYDP.
- **Long Range Strike Bomber:** We are requesting \$900 million for development funds in FY 2015, and \$11.4 billion over the FYDP.
- **KC-46 Tanker:** We are requesting \$2.4 billion for seven aircraft in FY 2015, and \$16.5 billion for 69 aircraft over the FYDP.

Because we believe research and development is essential to keeping our military's technological edge, the President's budget also invests \$1 billion through Fiscal Year 2019 in a promising next-generation jet engine technology, which we expect to produce improved performance and sizeable cost-savings through less fuel consumption. This new funding will also help ensure a robust industrial base – itself a national strategic asset.

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Protecting these investments required trade-offs. In the next five years, in order to free up funding to train and maintain no less than 48 squadrons, the Air Force plans to reduce the number of active-duty personnel from 328,000 airmen at the end of Fiscal Year 2014 to 309,000 airmen by the end of Fiscal Year 2019. The Air Force will also retire the 50-year-old U-2 in favor of the unmanned Global Hawk system, slow the growth in its arsenal of armed unmanned systems, and phase out the aging A-10 fleet.

The A-10 “Warthog” is a venerable platform, and this was a tough decision. But it is a 40-year-old single-purpose airplane originally designed to kill enemy tanks on a Cold War battlefield. It cannot survive or operate effectively where there are more advanced aircraft or air defenses. And as we saw in Iraq and Afghanistan, the advent of precision munitions means that many more types of aircraft can now provide effective close air support, from multirole fighters to B-1 bombers to remotely piloted aircraft, which can all execute more than one mission. Moreover, the A-10’s age is making it much more difficult and costly to maintain. Analysis showed that significant savings were only possible through eliminating the entire support apparatus associated with the aircraft. Keeping a smaller number of A-10s would only delay the inevitable while forcing worse trade-offs elsewhere.

Defense-Wide: (18% of the President’s Fiscal Year 2015 Budget)

The remaining share of the budget – about \$89.8 billion – is allocated for organizations across the Department of Defense.

For Fiscal Year 2015, this includes more than \$7.5 billion for the Missile Defense Agency, which is critical for defending our homeland and reassuring our European allies. This funding will enable DoD to increase the number of Ground-Based Interceptors and make targeted investments in additional defensive interceptors, discrimination capabilities, and sensors. The budget continues to support the President’s schedule for the European Phased Adaptive Approach.

Since special operations forces play a key role in counterterrorism, crisis response, and building partner capacity, the President’s budget for Fiscal Year 2015 allocates \$7.7 billion for Special Operations Command. This is equal to what we requested last year, a 10% increase over what Congress appropriated for Fiscal Year 2014, and will support a special operations force of 69,700 personnel.

The President’s Fiscal Year 2015 budget increases cyber funding to \$5.1 billion and maintains funding for intelligence agencies and other support activities. Through funds allocated to the Navy and the Air Force, the President’s budget also preserves all three legs of the nuclear triad and funds important investments to ensure a safe, secure, and effective nuclear deterrent.

Compensation Reform & Structural Adjustments to Some In-Kind Benefits

For all the money that goes into maintaining a modernized and capable force, people are the core of our military. In this era of constrained budgets, ensuring that our people are properly trained, equipped, prepared, and compensated requires looking at difficult trade-offs and making some difficult choices. Compensation adjustments were the last thing we looked at, because you take care of your people first.

While Congress has taken a few helpful steps in recent years to control the growth in compensation spending, we must do more. At this point, given the steps we’ve already taken to

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reduce civilian personnel costs in compliance with Congressional direction, no realistic effort to find further significant savings – savings needed to close serious shortfalls in training, maintenance, and equipment – can avoid dealing with military compensation... That includes pay and benefits for active and retired troops, both direct and in-kind.

We could reduce overall payroll spending by further reducing the total number of people in uniform. But since too small a force adds too much risk to our national security, we must also address the growth in pay and benefits for service members so that we can afford to provide them with the training and tools they need to successfully accomplish their missions and return home safely.

Since 2000, Congress has in some cases boosted pay increases above the levels requested by the Department of Defense. Benefits were added and increased by more than what most active-duty personnel sought, expected, or had been promised when joining the military. Congress also added a new health care benefit and approved DoD proposals to increase housing allowances. As a U.S. Senator I supported such proposals. It was the right thing to do at the time, given the burdens being placed on our service members, the military's recruiting and retention challenges, and the fact that we had few constraints on defense spending.

But today DoD faces a vastly different fiscal situation – and all the services have consistently met recruiting and retention goals. This year we're concluding combat operations in America's longest war, which has lasted 13 years. Now is the time to consider fair and responsible adjustments to our overall military compensation package.

America has an obligation to make sure service members and their families are fairly and appropriately compensated and cared for during and after their time in uniform. We also have a responsibility to give our troops the finest training and equipment possible – so that whenever America calls upon them, they are prepared with every advantage we can give them so that they will return home safely to their families. The President's budget fulfills both of these promises to our service members and their families by making several specific proposals.

Basic Pay Raises

For Fiscal Year 2015 we are requesting 1% raise in basic pay for military personnel – with the exception of general and flag officers, whose pay will be frozen for a year. Basic pay raises in future years will be similarly restrained, though raises will continue.

DoD rightfully provides many benefits to our people; however, finding the money to meet these commitments while protecting training and readiness under tighter budgets will require a few structural adjustments to three of them – housing, commissaries, and TRICARE.

Housing

In the early 1990s, DoD covered only about 80% of service members' total off-base housing costs. Since then, we increased that rate to 100%.

To adequately fund readiness and modernization under constrained budgets, we need to slow the growth rate of tax-free basic housing allowances (BAH) until they cover about 95% of the average service member's housing expenses. We would also remove renters' insurance from the benefit calculation.

This change will happen over several years, to ensure that our people have time to adjust to it. And, in order to ensure that military personnel don't have to pay more out-of-pocket after

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they've signed a lease, a service member's allowance won't be adjusted until they've moved to a new location. This means that no one currently living in a particular area will see their housing allowances actually decrease; only service members moving into the area will receive the lower rate, which is what already happens under the current rules when housing market prices go down.

To account for geographic differences in housing costs, we will also design this adjustment to ensure that all service members in the same pay grade have identical out-of-pocket costs. That way, once the overall change has been fully phased-in for all personnel, service members in the same pay grade but living in different areas would end up paying the same dollar amount toward their housing costs – and they'll know exactly how much that will be so that they can make informed decisions and trade-offs in their own budgets.

All of these savings will be invested back into the force, to help keep our people trained and equipped so they can succeed in battle and return home safely to their families.

Commissaries

There's no doubt that commissaries provide a valued service to our people, especially younger military families and retirees. For this reason, we're not directing any commissaries to close.

Like our base exchanges, commissaries currently do not pay rent or taxes. That won't change under any of our proposals. But unlike base exchanges, commissaries also receive \$1.4 billion in direct subsidies each year. In order to adequately fund training and readiness under constrained budgets, we need to gradually reduce that subsidy by \$1 billion (about two-thirds) over the next three years.

Stateside commissaries have many private-sector competitors, and it's not unreasonable for them to operate more like a business. Since commissaries still operate rent-free and tax-free, they will still be able to provide a good deal to service members, military families, and retirees as long as they continue to shop there. Going forward, only commissaries overseas or in remote U.S. locations would continue receiving direct subsidies, which, for example, not only helps pay to ship U.S. goods to bases overseas, but also helps those who either may not have the option of a local grocery store or are stationed where food prices may be higher.

TRICARE

In recent years, Congress has permitted DoD to make some changes that slow the growth in military health care costs; however, these costs will continue to grow, and we need to slow that growth in order to free up funds for training and readiness. So we need to make some additional smart, responsible adjustments to help streamline, simplify, and modernize the system while encouraging affordability.

Merging three of our TRICARE health plans for those under 65 – Prime, Standard, and Extra – into a single, modernized health plan will help us focus on quality while reducing complexity and administrative costs. The new plan would adjust co-pays and deductibles for retirees and some active-duty family members in ways that encourage TRICARE members to use the most affordable means of care, such as military treatment facilities and preferred providers.

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Some important features of the military health care system will not change. The scope of benefits will not change, and we will continue to distinguish between in-network and out-of-network care. Active-duty personnel will still receive health care that is entirely free – that’s the promise we make when they sign up, and it’s a promise we intend to keep. Medically retired personnel and survivors of those who died on active duty will continue to be treated favorably, with no participation fees and lower co-pays and deductibles. And DoD will continue to support our programs for wounded warriors.

With the TRICARE single health plan, active-duty family members and retirees under age 65 will be able to save more money by using military treatment facilities (MTF) if they’re close to home, which are often under-used. More than 90% of active-duty service members and their families live within an MTF’s 40-mile-radius service area. For families of active-duty service members stationed far away from MTFs, such as recruiters, all their care will continue to be considered “in-network” even if there are no network care providers in their remote location.

Under this proposal, the share of costs borne by retirees will rise from about 9% today to about 11% – still a smaller cost share than the roughly 25% that retirees were paying out-of-pocket when TRICARE was initially set up in the 1990s. And while we will ask retirees and some active-duty family members to pay modestly more, others may end up paying less. Overall, everyone’s benefits will remain substantial, affordable, and generous – as they should be.

Given these proposed efforts to modernize and simplify TRICARE for retirees under age 65, we will not resubmit last year’s request for sharp increases in enrollment fees for these retirees.

For retirees who are old enough to use Medicare and who choose to have TRICARE as well – what we call TRICARE-For-Life (TFL) – we would ask new members to pay a little bit more as well. Since TFL coverage currently requires no premium or enrollment fee, DoD again proposes a small per-person enrollment fee equal to 1% of a retiree’s gross retirement pay up to a maximum of \$300 per person – comparable to paying a monthly premium of no more than \$25. For retired general and flag officers, the maximum would be \$400 per person. Current TFL members would be grandfathered and exempted from having to pay enrollment fees. Even with this small enrollment fee, TFL members will still have substantial, affordable, and generous benefits – saving them thousands of dollars a year compared to similar coverage supplementing Medicare.

Congress has taken helpful steps in the past, authorizing adjustments to the TRICARE pharmacy co-pay structure and initiating a pilot program for TFL members to refill prescriptions for maintenance medications (such as those that treat high blood pressure and high cholesterol) by mail order. These are good practices that we must now build upon in order to better encourage more TRICARE members to use generics and mail-order prescriptions, which help save the most money. Under our plan, MTFs will continue filling prescriptions without charging a co-pay, while all prescriptions for long-term maintenance medications will need to be filled either at MTFs or through the TRICARE mail order pharmacy. To ensure that our people aren’t caught off-guard and have time to make the necessary adjustments, our plan would be slowly phased in over a 10-year period.

As with our structural adjustments to housing and commissaries, all these savings will go toward providing our people with the tools and training they need in order to fight and win on the battlefield and return home safely to their families.

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Military Retirement

Our proposals do not include any recommended changes to military retirement benefits for those now serving in the Armed Forces. Because military retirement is a complex and long-term benefit, it deserves special study. Therefore, we are working with and waiting for the results of the Military Compensation and Retirement Modernization Commission, which is expected to present its report in February 2015, before pursuing reforms in that area. But DoD continues to support the principle of “grandfathering” for any future changes to military retirement plans.

Why Now

DoD’s military and civilian leaders conducted substantial analysis to arrive at our proposed package of compensation adjustments. We concluded that, even after we make these changes and slow the growth in military compensation, we will still be able to recruit and retain a high-quality force and offer generous, competitive, and sustainable benefits.

These proposed compensation adjustments will be phased in over time, but they must begin now because budget limits are already in place. If we wait, we would have to make even deeper cuts to readiness or force structure in order to comply with the budget caps that Congress has passed into law. We must be able to free up funds in order to provide our men and women in uniform with the tools and training they need to succeed in battle and return home safely to their families. Sustaining a well-trained, ready, agile, motivated, and technologically superior force depends on it.

To be clear, our proposals were carefully crafted to reform military compensation in a fair, responsible, and sustainable way, making the most modest adjustments we could afford. We took a holistic approach to this issue, because continuous piecemeal changes will only prolong the uncertainty and create doubts among our personnel about whether their benefits will be there in the future.

We recognize that no one serving our nation in uniform is overpaid for what they do for our country. But if we continue on the current course without making these modest adjustments now, the choices will only grow more difficult and painful down the road. We will inevitably have to either cut into compensation even more deeply and abruptly, or we will have to deprive our men and women of the training and equipment they need to succeed in battle. Either way, we would be breaking faith with our people. And the President and I will not allow that to happen.

We’re also recommending freezing generals’ and admirals’ pay for one year. And as I’ve already announced, I’m cutting the budget of the Office of the Secretary of Defense by 20%. The Joint Staff, the Service Chiefs, and the Combatant Commanders are cutting their management headquarters operating budgets by 20% as well. We’re also continuing to focus on acquisition reform and asking for another round of authority for Base Realignment and Closure.

Risks in The President’s Budget

I’ve outlined the funding levels we need and the decisions we had to make to stay within the limits agreed to in the Bipartisan Budget Act. They add some risks to our defense strategy, but manageable ones.

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Over the near-term, because of budget limitations even under the Bipartisan Budget Act and after 13 years of war, the military will continue to experience gaps in training and maintenance – putting stress on the force and limiting our global readiness even as we sustain a heightened alert posture in regions like the Middle East and North Africa. The President’s Opportunity, Growth, and Security Initiative would provide an additional \$26.4 billion to DoD and would allow us to make faster progress in restoring and sustaining readiness – significantly mitigating this risk by closing these near-term gaps in readiness and modernization.

This Opportunity, Growth, and Security Initiative is not a wish list of “unfunded priorities” or “unfunded requirements” – the government-wide Initiative is fully paid-for, and for DoD, this money is specifically intended to bring unit readiness, equipment, and facilities closer to standard after the disruptions and shortfalls of the last few years. Each service receives a share of this funding. For example:

- The Army’s share would go toward additional training and increasing its investment in Blackhawk helicopters.
- The Navy’s share would go toward aviation depot maintenance and logistics and increasing its investment in P-8 Poseidon, E-2D Hawkeye, and Joint Strike Fighter aircraft.
- The Marine Corps’ share would go toward unit-level training and increasing its investment in the H-1 and KC-130 aircraft.
- The Air Force’s share would go toward additional readiness and training range support and increasing its investment in F-35, C-130J, and MQ-9 Reaper aircraft.
- Across the services, DoD would be able to increase funding needed for military construction and facilities repair and maintenance.

We also face the risk of uncertainty in a dynamic and volatile security environment. Budget reductions inevitably reduce the military’s margin of error in dealing with these risks, as other powers are continuing to modernize their weapons portfolios, to include anti-air and anti-ship systems. And a smaller force strains our ability to simultaneously respond to more than one major contingency at a time. But with the President’s budget, our military will still be able to defeat any aggressor.

Sequestration’s Effect on Programs and Risk

However, if sequestration-level cuts are re-imposed in Fiscal Year 2016 and beyond, if our reforms are not accepted, or if uncertainty on budget levels continues, our analysis has shown that we would have to make unavoidable decisions that would significantly increase those risks. As I’ve made clear, the scale and timeline of continued sequestration-level cuts would require greater reductions in the military’s size, reach, and margin of technological superiority.

At a minimum, we would be forced to draw down the active Army to 420,000 soldiers, the Army Guard to 315,000 soldiers, and the Army Reserve to 185,000 soldiers. We would also have to draw down the Marine Corps to 175,000 Marines, and retire a 25-year-old aircraft carrier – the U.S.S. *George Washington* – and her carrier air wing ahead of her scheduled nuclear refueling and overhaul. Keeping the *George Washington* and her carrier air wing in the fleet would cost \$6 billion over the FYDP.

This budgeting process has been marked by uncertainty and irregularity, with changes to our spending assumptions that came late in the process – including congressional action on a Bipartisan Budget Act that provided a new level of spending for Fiscal Year 2015. We also face

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the reality that sequestration remains the law of the land beginning in Fiscal Year 2016. As a result, I chose to be conservative in my direction to the military services for this budget submission and directed them to first plan in detail for sequestration-level funding.

Even though the five-year budget plan submitted along with the President's budget request assumes \$115 billion more than sequestration-level funding, in its later years we have programmed for sequestration-level force sizes for the active duty Army, Army Guard and Reserve, and Marine Corps end-strength, as well as for carrier strike groups. It takes time to plan and execute a successful drawdown that preserves capability in the process. Past drawdowns have reduced force structure too fast with too little planning. The resulting problems required significant amounts of time and money to fix.

DoD leaders have assessed that our desired force levels – 440,000-450,000 for the Active Army, 195,000 for the Army Reserve, 335,000 for the Army Guard, 182,000 for the Marine Corps, and 11 carrier strike groups – are sustainable over the long term at the President's budget level. Therefore, Fiscal Year 2016 will be a critical inflection point. DoD will be looking for a signal from Congress that sequestration will not be imposed in Fiscal Year 2016 and the budget levels projected in this five-year plan will be realized. If that happens, we will submit a budget that implements our desired force levels. I have given the military leadership formal guidance that documents these levels.

The bottom line is that if Congress indicates it will build on the precedent of the Bipartisan Budget Act and provide relief from sequestration by appropriating at five-year funding levels equal to those in the President's budget, we will not need to take end strength down to those lowest levels or decommission the *George Washington*.

But if we don't get some clarity in our future funding, we will have to start implementing those changes. And if sequestration-level cuts are re-imposed in 2016 and beyond, we would have to make many other cuts not only to force structure, but also to modernization and readiness – all in addition to making the changes proposed in the President's Fiscal Year 2015 budget plan. That means fewer planes, fewer ships, fewer troops, and a force that would be under-trained, poorly-maintained, and reliant on older weapons and equipment:

- The Army, in addition to shrinking the active-duty force to 420,000 soldiers and the Guard and Reserves to lower levels, would have 50 fewer Light Utility Helicopters in the Guard force.
- The Navy, in addition to retiring the U.S.S. *George Washington* and her carrier air wing, would have to immediately lay up six additional ships, defer procurement for one submarine, and buy two fewer F-35Cs and three fewer DDG-51 guided missile destroyers between Fiscal Year 2015 and Fiscal Year 2019. The Navy would ultimately have 10 fewer large surface combatants than would be expected under the President's funding levels.
- The Marine Corps, as mentioned, would have to shrink to 175,000 Marines. While we would still devote about 900 Marines to increased embassy security around the world, this reduction would entail some added risk for future contingencies as well as sustaining the Marines' global presence.
- The Air Force would have to retire 80 more aircraft, including the entire KC-10 tanker fleet and the Global Hawk Block 40 fleet, as well as slow down purchases of the Joint Strike Fighter – resulting in 15 fewer F-35As purchased through Fiscal Year 2019 – and sustain 10 fewer Predator and Reaper 24-hour combat air patrols. The Air

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Force would also have to take deep cuts to flying hours, which would prevent a return to adequate readiness levels.

- Across DoD, operation and maintenance funding – an important element of the budget that supports readiness – would grow at only about 2% a year under sequestration compared to about 3% a year under the President’s budget. This will hamper or even prevent a gradual recovery in readiness. Funding for research, development, testing, and evaluation would decline by 1.3% a year under sequestration instead of increasing by 1.6% under the President’s budget. And there would be no recovery in funding for military facilities repairs and construction.

Although future changes in the security environment might require us to modify some of these specific plans, the strategic impacts are clear. Under the funding levels that the President and I are asking for, we can manage the risks. Under a return to sequestration spending levels, risks would grow significantly, particularly if our military is required to respond to multiple major contingencies at the same time.

Our recommendations beyond Fiscal Year 2015 provide a realistic alternative to sequestration-level cuts, sustaining adequate readiness and modernization most relevant to strategic priorities over the long-term. But this can only be achieved by the strategic balance of reforms and reductions the President and I will present to the Congress next week. This will require the Congress to partner with the Department of Defense in making politically difficult choices.

Our Shared National Interest

Formulating this budget request took courage on the part of many involved in the decision-making process – from the Joint Chiefs to the President. It required new ways of thinking about both short-term and long-term challenges facing our country.

I look forward to working with the Congress to find the responsible ground of protecting America’s interests with the required resources.

As we all know, these challenges and choices before us will demand moral and political courage on the part of everyone who has a stake in our national security and our national leadership. They will demand leadership that reaches into the future without stumbling over the present. Now is the time to summon that leadership – not for any one specific interest, but for our shared national interest.

I appreciate this opportunity to discuss the President’s Fiscal Year 2015 budget request for the Department of Defense, and I look forward to your questions.

Mr. Chairman, thank you.

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SUMMARY STATEMENT OF GENERAL DEMPSEY

Mr. FRELINGHUYSEN. General Dempsey, good morning.

General DEMPSEY. Good morning, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you for being with us on behalf of the entire committee.

General DEMPSEY. Thank you, Chairman, Ranking Member Visclosky, other distinguished members of this committee. I appreciate the opportunity to be back here this year to discuss the Defense budget for 2015.

Before I do, let me comment that I do remain deeply engaged in our efforts to support the diplomatic approach to the resolution of the crisis in Ukraine. I have engaged with our NATO allies, and, as the Secretary mentioned, I have spoken several times with my Russian counterpart, and I have urged continued restraints in the days ahead in order to preserve room for that diplomatic solution. We will continue to maintain that line of communication.

I have also recently returned from Afghanistan where I went to gain firsthand appraisals from our leaders and commanders on the ground. As always, I left there inspired. They remain fully engaged on the missions that we have set before them. We will be prepared to support a variety of options over the next several months as our relationship with Afghanistan moves forward. This includes, of course, the option to draw down our forces there by the end of the year if that is the decision made by our elected leaders.

While 2015 remains uncertain in Afghanistan, our joint and NATO team has much work to do this year, and they are ready for it. Russia's recent actions remind us that the world today remains unpredictable, complex, and quite dangerous. We can't think too narrowly about future security challenges, nor can we be too certain that we will get it right. At the same time, the balance between our security demands and our available resources has rarely been more delicate, and that brings me to the budget.

I want to add my appreciation to Under Secretary Hale for his many years of service to the Department and to our Nation and for getting us to this budget.

Secretary Hagel has walked you through the major components of the budget. In my view, this budget is a pragmatic way forward that balances, as best it can, our national security and our fiscal responsibilities. It provides the tools for today's force to accomplish the missions we have been assigned, rebuilding readiness, by the way, in areas that were by necessity deemphasized over the last decade. It modernizes the force for tomorrow, ensuring that we are globally networked and that we can continue to provide options for the Nation, and it reflects in real terms how we are reducing our cost of doing business and working to ensure that the force is in the right balance.

As a whole, this budget helps us to remain the world's finest military, modern, capable, and ready, even while transitioning to a smaller and more affordable force. But as I said last year, we need time, we need certainty, and we need flexibility to balance the institution to allow us to meet the Nation's needs for the future.

The funds passed by this Congress in the bipartisan budget agreement allow us to buy back some of our lost readiness and con-

tinue to make responsible investments in the Nation's defense. It doesn't solve every readiness shortfall, it is not a long-term solution to sequestration, but it does give us a measure of near-term relief and stability.

The Joint Chiefs and I will never end our campaign to find every possible way to become more effective. We will do things smarter and more efficiently, more in line with the sorts of security challenges that we face today and in line with fiscal reality. We will seek innovative approaches as an imperative not just in technology, but also in how we develop leaders, aggregate and disaggregate our formations, and work with our partners. And we will improve, we will have to, how we buy weapons and goods and services. And we will invest deeper in developing leaders of consequence at every level, men and women that are both competent in character, who are good stewards of the special trust and confidence given to us by the American people, our fellow citizens.

But we have infrastructure that we don't need, and, with your support, we ought to be able to divest. We have legacy weapons systems that we can't afford and, with your support, that we ought to be able to retire. We have personnel costs that have grown at a disproportionate rate, and which we ought to be able to slow the rate in the way that makes the All-Volunteer Force more sustainable over time. If we don't move toward a sounder way to steward our Nation's defense, we face unbalanced cuts to readiness and modernization, and these imbalances ultimately make our force less effective than the Nation needs it to be.

We really can't ignore this. Kicking the can will set up our successors for an almost impossible problem. We have to take the long view here. I know these issues weigh heavily on the minds of our men and women in uniform, on their families, and on you. Our force is extraordinarily accepting, by the way, of change. They are less understanding of uncertainty in piecemeal solutions. They want and they deserve predictability.

I support the Quadrennial Defense Review in this budget. To be clear, we do assume higher risks in some areas, risks that I have conveyed in my assessment of the QDR. Under certain circumstances we could be limited by capability, capacity or readiness in the conduct of an assigned mission. I expect that we will have more difficult conventional fights, we will rely increasingly on allies and partners, and our global responsibilities will have to be placed in balance with our available resources.

If sequestration-level cuts return in 2016, or if we can't make good on the promises embodied in the QDR, then the risks will grow, and the options we can provide the Nation will shrink. That is a gamble none of us should be willing to take, because it is our soldiers, sailors, airmen, marines, and coastguardsmen, America's sons and daughters who will face tomorrow's challenges with whatever strategy, whatever structure, and whatever resources we provide today.

Our most sacred obligation is to make sure that we never send them into a fair fight, which is to say they must continue to be the best led, the best trained, and the best equipped force on the planet. That objective has been a fundamental guiding principle as this

budget was prepared, and is one to which the Joint Chiefs and I remain absolutely committed.

Mr. Chairman, members of this committee, thank you for your support and commitment to our men and women in uniform, and on their behalf, I stand ready to answer your questions.

Mr. FRELINGHUYSEN. Thank you, General Dempsey.
[The written summary of General Dempsey follows:]

HOUSE APPROPRIATIONS COMMITTEE - DEFENSE SUBCOMMITTEE

POSTURE STATEMENT OF
GENERAL MARTIN E. DEMPSEY, USA
18TH CHAIRMAN OF THE JOINT CHIEFS OF STAFF
BEFORE THE 113TH CONGRESS
HOUSE APPROPRIATIONS COMMITTEE – DEFENSE SUBCOMMITTEE
FY15 DEPARTMENT OF DEFENSE BUDGET
MARCH 13, 2014

HOUSE APPROPRIATIONS COMMITTEE - DEFENSE SUBCOMMITTEE

Chairman Frelinghuysen, Representative Visclosky, and distinguished members of this Committee, it is my privilege to report to you on the state of America's Armed Forces, our accomplishments over the last year, the opportunities and challenges ahead, and my vision for the future force.

We are in our Nation's thirteenth year at war. I am extremely proud to represent the men and women of our Armed Forces. *Volunteers all, they represent America at its very best.*

It is these Soldiers, Sailors, Airmen, Marines, and Coast Guardsmen – America's sons and daughters – who will face tomorrow's challenges with the strategy, structure, and resources we develop today. Our men and women are our decisive edge. Sustaining our military strength in the face of *an historic shift to the future* means making sure that the force is in the right *balance*.

In the near term, our mission in Afghanistan will transition, while we reset a force coming out of more than a decade of continuous conflict. We will sustain – in some cases adjust – our commitments around the globe to keep our Nation immune from coercion. And, we must do all of this with decreasing defense budgets. As a result, we will have to assume risk in some areas to create opportunity in others. This will require carefully prioritizing investments in readiness, training, modernization, and leader development.

Our men and women in uniform are the cornerstone of this Nation's security and our strongest bridge to the future. They are trusting us to make the right choices. So are the American people.

Joint Force Operations

America's military has been in continuous conflict for the longest period in our Nation's history. But the force remains strong. The Joint Force today is as diverse and rich in experience as it has ever been. Our men and women remain engaged around the globe supporting our Nation's interests. They are defeating adversaries, deterring aggression, strengthening partners, and delivering aid.

Over the past year, our men and women have continued to fight, transition, and redeploy from Afghanistan. In June of last year, the Afghans reached a decisive milestone as they assumed lead responsibility for their own security. This signaled a shift in our primary mission from combat to training, advising, and assisting the Afghan forces. While Coalition forces prepare to support national elections in the coming weeks, we continue to develop options for the forces, missions, partnerships, and authorities that will set the conditions for our commitment to Afghanistan after 2014.

The Joint Force continues to serve in and around an unpredictable Middle East through military-to-military exercises, exchanges, and security assistance. We are actively reinforcing our partners along Syria's borders to help contain violence, care for refugees, and counter the spread of violent extremism. We continue to pursue violent extremist organizations directly and through our partners where US and allied interests are threatened. This includes support to partners in Yemen, and to French and African partners in Mali. Our military is also working closely with the US Department of State to help restore security and stability in the Central African Republic and South Sudan.

We have deepened our traditional security ties in the Asia Pacific. In addition to our support for Typhoon Haiyan recovery efforts, we have strengthened cooperation with our allies and partners through military

activities and force posture. We have maintained an active presence in the South and East China Seas, while also remaining prepared to respond to provocations on the Korean Peninsula.

We also remain postured with our interagency partners to detect, deter, and defeat threats to the homeland—to include ballistic missile defense, countering terrorism, and safeguarding against cyber-attack on government and critical infrastructure targets. Our men and women work collaboratively with other US agencies, with forward-stationed State Department professionals, and with regional allies and partners to keep the Nation safe. Across all of these security operations, the Joint Force remains ready with military options if called upon.

Balancing Global Strategic Risk

The global security environment is as fluid and complex as we have ever seen. We are being challenged in pockets throughout the world by a diverse set of actors—resurgent and rising powers, failing states, and aggressive ideologies. Power in the international system is shifting below and beyond the nation-state. At the same time, *the balance between our security demands and available resources has rarely been more delicate.*

The confluence of wide-ranging transitions, enduring and new friction points, and “wild cards” can seem unsolvable. Yet, understanding the interrelationships between trends reshaping the security environment offers opportunities to begin to solve some of the world’s perplexing and prolonged challenges.

In any effort, the military does not do it alone. We must bring to bear every tool of national power in American’s arsenal. Our distributed networks of allies and partners are equally indispensable. Together, we can build shared understanding and develop focused, whole approaches that share the costs of

global leadership. Deepening these hard-won relationships of trust and building the capacity of our partners will be more vital in the years ahead.

With this context in mind, *the Joint Force of the future will require exceptional agility in how we shape, prepare, and posture.* We will seek innovation not only in technology, but also in leader development, doctrine, organization, and partnerships. We must be able to rapidly aggregate and disaggregate our formations, throttle up force and just as quickly, throttle it back.

We will have to be more regionally-focused in our understanding and globally-networked in our approaches. We will be adaptable to combatant commander priorities to prevent conflict, shape the strategic environment, and – when necessary – win decisively.

And, importantly, we will have to balance these competing strategic objectives in the context of a resource-constrained environment. *We must be frank about the limits of what the Joint Force can achieve, how quickly, for how long, and with what risk.*

Accordingly, we will need to challenge assumptions and align ambitions to match our combined abilities. Our force's greatest value to the Nation is as much unrealized as realized. We need to calibrate our use of military power to where it is most able and appropriate to advance our national interests. Our recent wars have reminded us that our military serves the Nation best when it is synchronized with other elements of national power and integrated with our partners.

Balancing the Force

As part of an historic shift to the future, the institution is fundamentally re-examining itself to preserve military strength in the face of the changing

security environment and declining resources. Here are five ways in which we are working to make sure the Joint Force remains properly balanced over time:

Resource Allocation

We are resetting how we allocate our budget among manpower, operations, training, maintenance, and modernization. Disproportionate growth in the cost per service member is overburdening our manpower account and threatening to erode combat power. We have to bring those costs back into balance with our other sacred obligations to the Nation.

The President's FY15 budget request, importantly, reflects the needed personnel reductions, institutional streamlining, and administrative changes that better reflect our military's more limited resources. We will keep driving towards becoming more steel-plated on all fronts—shedding waste, redundancy, and superfluity in our organizations and processes. We are rebalancing our tooth-to-tail ratio by shrinking the Department's headquarters, overhead, and overseas infrastructure costs. We are taking steps to improve our acquisitions enterprise. And, we will make the tough choices on force structure.

We will never end our campaign to find every way to become more effective. Yet, we have already seen that not every effort generates the savings we need as fast as we need them. And some proposals to shed excess infrastructure have not gained the support of Congress, most notably our calls for a Base Realignment and Closure round and requests to retire legacy weapons systems we no longer need or afford.

Getting our personnel costs in balance is a strategic imperative. We can no longer put off rebalancing our military compensation systems. Otherwise we are forced into disproportionate cuts to readiness and modernization. We price ourselves out of the ability to defend the Nation.

We must work together to modernize and optimize our compensation package to fairly compensate our men and women for their service. We should provide the options and flexibility that they prefer and shift funds from undervalued services to the more highly valued benefits, as we reduce our outlays.

We need to *slow the rate of growth* in our three highest-cost areas: basic pay, health care, and housing allowances. The Joint Chiefs, our senior enlisted leaders, and I also strongly recommend *grandfathering any future proposed changes to military retirement*, and we will continue to place a premium on efforts that support wounded warriors and mental health.

To that end, I look forward to working in partnership with Congress and the American people on a sensible approach that addresses the growing imbalances in our accounts, enables us to recruit and retain America's best, and puts the all-volunteer force on a viable path for the future.

We should tackle this in a comprehensive package of reforms. Piecemeal changes are a surefire way to fray the trust and confidence of our troops. They want – and they deserve – predictability.

Geographic Shift

The United States remains a global power and our military is globally engaged. While we transition from the wars of the past decade, we are focusing on an evolving range of challenges and opportunities. *Our military will continue to have deep security ties in the Middle East and globally.* And, we are – of necessity – continuing the rebalance to the Asia Pacific as part of our government's larger priority effort towards the future stability and growth of that region.

Broadly, this geographic rebalance recognizes where the future demographic, economic, and security trends are moving. In a sense, it is

“skating to where the puck is going,” as hockey great Wayne Gretzky used to say. As such, we are – over time – investing more bandwidth in our relationships in the Asia Pacific, engaging more at every level, and shifting assets to the region, to include our best human capital and equipment.

Europe remains a central pillar to our national security and prosperity. Our NATO alliance has responded to security challenges in Afghanistan, Africa, and the Middle East. The most successful and durable alliance in history, NATO transcends partnership because common values underpin our 65 year-old alliance. Going forward, we will all benefit from the security NATO provides.

Preparing across the Spectrum

Our force is coming out of more than a decade of focusing primarily on one particular kind of fight centered on the Middle East. As a result, we have become the finest counterinsurgency force in the world.

Current and future security challenges mandate that we broaden our approach. Across the Services, we are resetting how we apply our training bandwidth and how we develop leaders to account for conflict across the spectrum. This includes those critical conventional areas that – by necessity – were deemphasized over the past decade.

We are also pluralizing our partnerships with other agencies and nations. With the global terrorism threat specifically, we are rebalancing our emphasis towards building or enabling our partners, while retaining the capability to take direct action ourselves.

Remaining the security partner of choice increases our Nation’s collective ability to safeguard common interests and support greater stability in weaker areas of the world. Improving partner capability and capacity in a targeted way

is an important component of our military strategy, especially as our resources become more constrained.

Force Distribution

In keeping with the evolving strategic landscape, our force posture must also evolve. As we emerge from the major campaigns of the last decade, we are developing new approaches across and within commands in the way we assign, allocate, and apportion forces inside a broader interagency construct.

We are determining how much of the force should be forward-stationed, how much should be rotational, and how much should be surge ready in the homeland. Baselining forces in each combatant command will allow us to predictably engage with and assure partners and deter adversaries. Baseline does not mean equal resources. We seek instead a *force distribution appropriately weighted to our national interests and threats*.

Our military has become more integrated operationally and organizationally across the Active, Guard, and Reserve, especially over the past decade. We are working to determine the most effective mix of each of the components to preserve the strength we have gained as a more seamless force. This too will be different across the combatant commands. For example, many relationships in Europe – especially the newest NATO partner nations – benefit from the National Guard-led State Partnership Program, which is in its 20th year. Relationships such as these will help us to sustain the capabilities we will require in the years ahead.

Also to strengthen the Joint Force, we are committed to offer everyone in uniform equal professional opportunities to contribute their talent. Rescinding the Direct Ground Combat Rule last January has enabled the elimination of gender-based restrictions for assignment. The Services are mid-way through reviewing and validating occupational standards with the aim of integrating women into occupational fields to the fullest extent over the next two years.

We are proceeding in a deliberate, measured way that preserves unit readiness, cohesion, and the quality of the all-volunteer force.

Additionally, as our force draws down, the remarkable generation that carried the best of our Nation into battle is transitioning home and reintegrating into civilian life. We will keep working with the Department of Veterans Affairs, other agencies, and communities across the country to make sure they have access to health care, quality education opportunities, and meaningful employment. This generation is not done serving and our efforts to enable them to contribute their strengths should be viewed as a direct investment in the future of America.

Competence and Character

We are making sure that as the Nation's Profession of Arms, we remain equally committed to competence and character throughout our ranks. The pace of the last decade, frankly, may have resulted in an overemphasis on competence. Those we serve call for us to be good stewards of the special trust and confidence gifted to us by our fellow citizens—on and off the battlefield.

Even as – especially as – we take this opportunity to remake our force and its capabilities, we owe it to the American people and to ourselves to also take an introspective look at whether we are holding true to the bedrock values and standards of our profession. Historically, the military has done precisely this after coming out of major periods of conflict.

The vast majority serve honorably with moral courage and distinction every day. But sexual assault crimes, failures of leadership and ethics, and lapses of judgment by a portion of the force are evidence that we must do more—and we are. These issues have my ongoing and full attention.

It has been and continues to be one of my foremost priorities as Chairman to rekindle within the force both its understanding and its resolve as

a profession. We must strengthen the enduring norms and values that define us and continue to be a source of trust and pride for our Nation.

We are looking at who we are promoting. More importantly, we are looking at *what* we are promoting—the standards, the ethos, the essence of professionalism. We know that we can never let our actions distance us from the American people, nor destroy the message that draws many into the ranks of the military in the first place.

To that end, we are advancing a constellation of initiatives towards our continued development as professionals. These include 360 degree reviews, staff assistance and training visits to senior leadership, and a deeper investment in character development and education through the span of service. We are detecting and rooting out flaws in our command culture and promoting an ethos of accountability across the ranks. *We know we own this challenge and we are committed to meeting it.*

Balancing Strategic Choices

Our military's ability to field a ready, capable force to meet global mission requirements has been placed at risk by layered effects of the operational pace and converging fiscal factors of recent years.

The funds above sequester levels passed by this Congress in the Bipartisan Budget Agreement allow us to buy back some lost readiness and continue to make responsible investments in our Nation's defense. It doesn't solve every readiness problem and is no long-term solution to sequestration, but it does give us a measure of near-term relief and stability.

The Joint Chiefs and I are grateful for Congress's support of the efforts to return units to the necessary levels of readiness. It helps us preserve options for the Nation and ensure that our troops can do what they joined the military to do. Likewise, we appreciate the dialogue engendered in these chambers to

determine the kind of military the American people need and can afford—the right mix of capabilities and programs to protect our national interests.

While we have achieved a degree of certainty in our budget for the next two years, we still don't have a steady, predictable funding stream, nor the flexibility and time we need to reset the force for the challenges we see ahead.

This tension comes at a time when winning together through jointness has been at its peak. If we don't adapt from previous approaches toward a sounder way to steward our Nation's defense, *we risk ending up with the wrong force at the wrong time.*

The President's FY15 budget request represents a balanced, responsible, and realistic way forward. It leads to a Joint Force that is global, networked, and provides options for the Nation. It helps us rebuild readiness in areas that were – by necessity – deemphasized over the past decade, while retaining capacity and capability. It supports the reset and replacement of battle-damaged equipment and helps us meet future needs by balancing force structure, readiness, and modernization priorities. It invests in missile defense and in modernizing the nuclear enterprise. It allows us to advantage intelligence, surveillance, and reconnaissance (ISR), Special Operations Forces (SOF), and cyber, while making adjustments to the conventional force.

To be clear, we do assume higher risks in some areas under the FY15 proposal, but this budget helps us to remain the world's finest military—modern, capable, and ready, even while transitioning to a smaller force over time. If sequester-level cuts return in 2016, the risks will grow, and the options we can provide the Nation will shrink.

The Joint Chiefs and I remain committed to making the tough choices – carefully informed – that preserve our ability to protect our Nation from coercion and defend the American people. Our sacred obligation is to make

sure our men and women are never sent into a fair fight. That means we must make sure they are the best led, best trained, and best equipped in the world.

But, we need help from our elected leaders to rebalance the force in the ways I have described. This includes, importantly, making the financially prudent, strategically informed reductions we need.

The opportunity is ours in the months ahead to carry the hard-earned lessons learned of our Nation's wars into the context of today, to set the conditions to prepare the force to address the challenges of tomorrow, and to sustain and support our dedicated men and women in uniform and their families. I look forward to seizing these opportunities together.

Thank you for your enduring support.

Mr. FRELINGHUYSEN. And let me say that you are a wonderful representative of our sons and daughters.

General DEMPSEY. Thank you, sir.

OVERSEAS CONTINGENCY OPERATIONS FUNDING

Mr. FRELINGHUYSEN. Let me say, too, on a personal note, you may both be aware that your good Air Force escorted a number of members of this committee, Mr. Visclosky, yours truly, as well as Mr. Moran and Mr. Calvert, over to the Middle East recently. We visited Pakistan, Afghanistan, Qatar, and Jordan, and may I say that our time in Afghanistan, of course, it is truly inspiring to see what those young men and some not so young are doing serving after multiple deployments.

I must say, coming away, this is sort of a personal note from that trip, I am somewhat discouraged by some of what we heard from talking with leaders in that region about our long-range commitment to the Middle East. Of course, the soldiers have a desire to get out of Afghanistan and back home, but they look around to see and recognize the sacrifices that they have made, their predecessors have made, their predecessors made in Iraq, and they look to Fallujah, the loss of Fallujah, and they have serious questions about where we are going. So, one of the things we focused on was the overseas contingency operation, and this is a serious hole in your budget here. I know that you want us to put in a marker in there, but ingrained in that sum of money, which some would estimate perhaps would be \$80 billion, is some open questions.

So, can you tell us how we are going to fill that hole and when we are going to fill that hole? I think it is difficult for us to put a bill together with that issue open.

Secretary HAGEL. Mr. Chairman, we recognize that question, that concern. As you have noted, and I didn't note except in my written testimony, and I am going to ask the Comptroller to take us down a little deeper into your question, but the obvious reason is that we held back was the uncertainty of what decision is going to be made about our future presence in Afghanistan post-2014.

I think you know, the President has said, it is certainly the advice that we have gotten from General Dunford and from our military leaders, and I support them on this, that we believe we have a role, want to have a role, continued role in Afghanistan, train, assist, advise, counterterrorism, but that has to be done in coordination first with the people of Afghanistan inviting us and agreeing, and that is embodied in a bilateral security agreement, that arrangement. Without that, without knowing what our future is, it was our feeling that we would hold off and not further complicate an already complicated budget process, because of the reasons we have already talked about, and then come back with you or to you once we hopefully have better certainty. When we may do that, let me ask Bob Hale to—

Mr. FRELINGHUYSEN. We have to be able to go to the floor at some point in time. We have to defend—

Secretary HAGEL. We have anticipated it.

Mr. FRELINGHUYSEN. We have to defend—you know, when you visit Pakistan, and you see the relationship we have had with Pakistan since 1947—and the OCO funds are more than just Afghani-

stan. They provide resources for the region, and the general statement is that OCO funds will be needed for some time to come not only in Afghanistan, but in that region. So, I would be happy to have Mr. Hale address that. This sort of gets to my critical question is where are we going?

Mr. HALE. Well, Mr. Chairman, when we get an enduring presence decision, as soon as we can after that, we will get a formal budget amendment to you for OCO. If that doesn't work with the timing issue, then we are going to have to look at other options, and we are thinking of them now as to how we proceed if we don't get an enduring presence decision. I know that is vague, but at the moment, I think that is about the best I can do.

Mr. FRELINGHUYSEN. Let me recognize the ranking member Nita Lowey from New York for any comments she may have.

REMARKS OF MRS. LOWEY

Mrs. LOWEY. Well, first of all, I want to thank you, Mr. Chairman. Unfortunately, there are several hearings going on at the same time, and I want to join my colleagues, Chairman Frelinghuysen, Mr. Rogers is probably on another one of those, Ranking Member Visclosky, Secretary Hagel, General Dempsey, Under Secretary Hale, and the rest of our distinguished guests. Thank you for appearing before us today, and, again, I apologize.

As we know, the global environment is growing increasingly volatile with new threats emerging every day, exemplified by the current events in Ukraine, Syria, and Venezuela. In the fiscal year 2015 bill, we need to work together to help the Department of Defense address very serious challenges, from ending major combat operations in Afghanistan to addressing enduring threats from North Korea and Iran; flash points in the Middle East, Africa, and Asia. And, of course, there are also pressing issues at home such as the epidemic of sexual assaults, suicides among military members.

We need to ensure that the quality of life for those service members staying in the military remains high, while those transitioning out of the services are cared for properly. And I applaud the Department for submitting a 2015 request that stays within the caps permitted in existing law, which already directs more than 50 percent of all discretionary spending to Defense.

Barring an agreement to increase investments in both categories, the Department must live within its cap, as you well know. Tough choices must be made, but as the 2014 omnibus showed, our committee is up to the task. In times of fiscal constraint and uncertainty, it is hard to juggle all requirements, but we owe it to our service members and the Nation to get it right, and I would like to just ask a question. I thank the chairman for your indulgence.

SEXUAL ASSAULT IN THE MILITARY

As we well know, sexual assault and harassment in the military was front and center during last year's budget cycle. Due to the ongoing investigations and revelations on this heinous crime, the issue still occupies this spot, unbelievably. The President, our Commander in Chief, gave the Department a deadline of December 1st,

2014, to evaluate whether changes implemented over the past 12 to 18 months are making a difference. The Pentagon reported about 5,400 instances, 5,400 instances, of sexual assault or unwanted sexual contact in the military in fiscal year 2013, a 60 percent rise from 2012. Just last week the top Army prosecutor for sexual assault was suspended after allegations that he sexually harassed a subordinate.

Do you believe the military services will be able to stem the rise of incidents of sexual assaults or unwanted contact? Is it a cultural problem? Is it a leadership problem? Will opening more military positions to women at all ranks help the problem?

So, if you could please describe the requirements of the military criminal investigative organizations to investigate 100 percent of sexual assault cases, what impact will this have on the MCIOs, and are the MCIOs equipped in both funding and manning to meet this requirement? I would appreciate your response, Secretary Hagel.

Secretary HAGEL. Congresswoman, thank you, and I appreciate very much your leadership on this.

I can provide as much background for the record as you want but in the interest of time, let's go back to May of last year. At that time, I directed all the services to do a number of things, and in the course of that directive and over the next few months, that resulted in 21 directives that I gave our services. Victims rights counsel, which victims had never, ever had; not only a process, a mechanism, a highway to deal with them and their concerns in every facet of a victim's rights, but that was just but 1 of the 21 directives.

I actually took the initiative, along with our chairman and our Chiefs, to suggest to the Congress that we needed to amend the UCMJ. Obviously, fast forward, and what the Senate did here a few days ago, what the House has been working on is a culmination—not the end, but a culmination at least of that phase of a lot of the requests that DoD has made of Congress to help us.

I also instituted new offices. I have asked for, directed a complete review of all the different offices, not just sexual response offices and those who have responsibility for carrying out the rights of our victims, but military police, trainers, basic training instructors, everyone who has any responsibility for education of our troops. And it is partly that, it is partly culture, it is partly some areas where we haven't paid as much attention. Accountability of leadership is always essential to any of these issues, whether it is sexual assault or any ethical issue. So, it has been a wide scope of activities that we have undertaken to get at this.

We are going to fix it. It needs to be fixed in the institution. We have asked for help from the outside, from the Congress. The President is taking this up, as you have just noted one example. I meet once a week around the table with the Chiefs, Vice Chiefs, all our senior components of our enterprise, and it is to give me an update for 1 hour what has been implemented, what are the problems, what are we not doing right, what do we need to do more. I have been doing this for months. Each week I meet for 1 hour. Either the Chief of the service is there or the Vice Chief is there. Their attorney is there. Their sexual prevention assault people are there.

So, we are coming at this, Congresswoman, on many fronts. We have to.

One quick point, and then if the chairman may want to respond to this as well. Your note of 5,000 sexual assaults and more people coming forward, it is too early yet to make an assessment is that encouraging news, or is it not encouraging news? We think there may be some encouraging news in this in that victims are feeling more confident that they can come forward without harassment, without all of the things that have happened to many victims in the past, no one paying any attention or people covering it up, whatever the issue is; that they will be protected, that there will be justice done, their rights will be acknowledged, and they will be respected as victims.

So, I think there may be some good news in this that we are developing confidence in the systems that they have enough confidence to come forward. We will see. Too early to tell. We haven't fixed all the problem yet, but we will fix it.

Mrs. LOWEY. General Dempsey.

General DEMPSEY. Thank you.

I just want to reenforce what the Secretary said. The answer to your question, the simple answer is yes, we can—we have to fix this. It is a stain on our profession, we just met with the Chiefs. We have got 12 metrics, if you will, or measures that we are monitoring to determine whether we have got the trend lines moving in the right direction or not.

But we have to fix this because it erodes the foundation of our profession. You know, our profession is built on trust. You don't walk out the gate of a forward operating base in Afghanistan unless you trust the man or woman to your left or right, and this crime and this kind of conduct erodes that trust. So, it is not just because it is such a horrible thing to happen to a man or woman in any case; it is that it actually erodes the very foundation of the profession, and we are taking that very seriously.

Mrs. LOWEY. Thank you.

And, Mr. Secretary, I just wanted to make one other point in closing, because one of the greatest honors we have as Members of Congress is to appoint beautiful, young, smart, intelligent women to our Nation's service academies, and it has been shocking to me that these young men and women also have this issue that is out of control. So I would just suggest to you that you look at that very carefully, because I know that this is high on the agenda of almost all of us who appoint people to our academies, and I thank you very much. Thank you so much for your indulgence.

Mr. FRELINGHUYSEN. Thank you, Mrs. Lowey. We should have zero tolerance for this type of behavior.

Pleased to yield to the vice chair Ms. Granger.

Ms. GRANGER. Thank you.

Mr. Chairman, I have two questions. I am sorry. Two questions. Should I wait for another round for the second or——

Mr. FRELINGHUYSEN. Go right ahead.

STEALTH AIRCRAFT OF ADVERSARIES

Ms. GRANGER. Thank you.

Mr. Secretary, as you and I have both discussed before, the Joint Strike Fighter is critical to the U.S. and our allies' ability to maintain air superiority, but both China and Russia continue to dramatically increase their defense spending in an effort to increase their influence throughout the world. With both countries developing Stealth fighters, it is likely they will export these planes to other countries. So what countries concern you the most as potential buyers of their aircraft, and how would those potential purchases impact the ability of the U.S. and our allies to establish and maintain air superiority in those regions?

Secretary HAGEL. Congresswoman, one of the points I made in my opening statement, and much of the strategy of the QDR, and essentially what was behind the President's defense strategy guidance that he issued in January 2012 was not to allow our superiority, our technological edge to erode or to forfeit that to any nation. And as I have noted, we put a premium focus on that on our prioritization, on the modernization of our capabilities. The Joint Strike Fighter is a good example of that, and that is what we are committed to do. Our budget reflects that, our strategy reflects that, everything we are doing reflects that.

We have had good partnership on the F-35, as you know, with a number of other countries, and those allies are continuing to hang in there with us. Everyone has budget issues, as you know, and so some of the orders have slowed down, but none, as far as I know, have been canceled.

Ms. GRANGER. Right.

Secretary HAGEL. So, we are always in a competitive race with adversaries who are upgrading and financing that upgrading, but we have to play our game. We have to recognize that that threat is going to be out there, and we have to be wise in the decisions we have made, and I think that we are doing exactly that.

ARMY NATIONAL GUARD RESTRUCTURE

Ms. GRANGER. Thank you.

I have one other question for the Secretary. In 2011, the Air Force proposed a plan that restructured the Air National Guard, and the Guard opposed this plan, but their attempts to work with the Air Force on an alternative solution were dismissed. Congress didn't appreciate that, nor did they respond very well to that approach. Unfortunately, it appears that the Army is attempting a very similar tactic.

So, Mr. Secretary, given the Guard's critical role both domestically and internationally, what are you doing to ensure the Army takes the concern to the National Guard Bureau and our Governor seriously? I can't see Congress supporting a plan that they so vehemently oppose.

Secretary HAGEL. Congresswoman, first, I put a high priority on the Guard and the National Guard and the Reserves; the President does. I know all of our Chiefs do, and General Dempsey may want to address this. That is where I start. As I noted in my opening statement, the Guard and Reserves are going to continue to be, must be, a vibrant part of our larger national security enterprise, and they will. That is where I start.

Second, as you know, the Guard has a seat at the table with the Joint Chiefs; General Frank Grass, who is a very, very articulate, capable spokesman for the interest of the Guard. I just met 2 days ago with Governor O'Malley of Maryland. We interface with Governors on trying to connect with them. That is part of the reason for setting up the Governors Council a few years ago, which the Secretary of Department of Homeland Security and the Secretary of Defense cochair, to get that input from them directly, from their adjutant generals.

Now, to the more specific points of your question. We have in every way tried to protect as much as possible the Guard and Reserve, and I gave you some numbers which I think reflect pretty well how we have come up with decisions to protect them in every way. In fact, the Active Duty Army proportionately have taken far bigger cuts in every way than what we are talking about for the Guard here.

So, their voice is important, it is heard, we need it to be heard, but the bottom line is when we are talking about the cuts that we have already taken, and what is ahead, and then, on top of that, the uncertainty yet that we have to deal with, we have to examine everything, and we have to come at this from what Chairman Dempsey said, and this is exactly the way we looked at the budget, of the balance of what is going to be required for the national security interests of this country. I don't see anybody exempt from that, because everybody plays an important role, but it has to fit into the overall framework of the balance of what I said: Readiness, capability, capacity, and the modernization.

Mr. FRELINGHUYSEN. Thank you.

General DEMPSEY. Thank you, Congresswoman.

I don't agree actually that the Active Army has been unwilling or unable to hear the concerns of the Guard, because I have been watching this debate over the past year, and it may just be that they have come to a position where they can't agree with each other, and we have got to work through that. But they have been engaged.

Secondly, it is about balance for me. I mean, my responsibility is the Joint Force, and that is all the services and all the components who together have to be greater than the sum of their parts. And so as we go forward, what I have suggested to Active Guard and Reserve is the thing we ought to be most concerned about is not whether we can agree or not on an end state number or a number of bases or a number of weapons; we have got to link arms on the message that if we go to sequestration levels of cuts, if we go back to that in 2016 and beyond, we won't be able to maintain a balanced force, and in which case we won't have the military that the Nation needs.

Mr. FRELINGHUYSEN. Mr. Visclosky.

READINESS

Mr. VISCLOSKY. Thank you, Mr. Chairman.

Gentlemen, just a couple of things. First, I do want to thank you, because last year when I asked questions about auditable financial statements you indicated that they would be completed, if you would, by the end of September 30th, 2017. Note that in the state-

ments prepared for the budget, that deadline continues to be the same and has not slid to the right.

I do think it is an important principle. I think it is important as far as underlying financing of the Department, and I appreciate that that has not slid to the right and would encourage you to continue to hold fast to that September 30th, 2017, date.

I would want to add my voice again to the chairman as well to reiterate my opening remarks concerns, and that is on OCO. I am certain as we meet here today that it is not the decision of anyone on the panel not to provide details for \$79 billion. Understand there are very delicate negotiations going on, we are anticipating the outcomes of elections, and we need a statement signed. Also realize it is probably very difficult for the administration to come up with one set of numbers, assuming an agreement is signed; a second, if no agreement is signed; and then a third as to what the next 6 months look if there is a complete pullout.

But there is a fundamental problem we face when we go to the floor, hopefully earlier rather than later. And I speak only for myself, but I think it is impossible for us to go to the floor with a placeholder for \$79 billion. The Comptroller has mentioned other alternatives in the past supplemental requests have been used. I am not going to ask for a response, except as discussions take place with the President and other officials in the administration, they have got to understand there is some urgency here as far as the appropriations process.

The question I do want to ask is on readiness. In the budget submittal, the Department stated that with the enactment of fiscal year 2014 appropriations, the readiness levels are trending positive, but the fiscal year began with relatively low readiness levels. I did mention the Opportunity, Growth, and Security Initiative that is very dependent upon entitlement changes and tax changes.

Mr. Secretary, I absolutely agree with you on sequestration. I voted against the agreement last December because it was only for 2 years. You have a government to run and a Department to plan for, and I am concerned that those who want to, if you would, act irresponsibly are simply lying low until November, and they will continue to have the leverage.

And on readiness, the Opportunity, Growth, and Security Initiative that has been put forth, that I do not think is going to happen, includes additional monies for readiness enhancements for training for the Army, spares and logistic support for the Navy, unit training for the Marines, and increased flight training for the Air Force.

The question I have is relative to the 2015 requests and looking at the issue of readiness to make sure nobody is ever in a fair fight. I agree with that.

Are some of those items things we should have in mind as we mark our bill up that are still necessary in 2015, assuming that this initiative is not adopted? Are there still readiness holes that we should be concerned about if this initiative is not adopted?

Secretary HAGEL. Well, I think, first let me begin the answer this way, and then I am sure the Comptroller would want to respond to this, and the chairman may also.

Chairman Dempsey and I have made it clear in our opening statements, and all of the Chiefs and the combatant commanders

who have been on the Hill this week and will be next week, and some before Appropriations Committee already this week, have made it very clear that readiness is a concern, will continue to be a concern.

Let's take the 26 billion additional piece for fiscal year 2015 that the President has asked for, and Hale can go deep into this, but about 40 percent of that, I think, is for readiness, is to just try to get us back out of this hole to some extent that we have sunk into the last 2 years. And so readiness is something that is up front all the time for all of us in all of our planning.

If we don't get that additional money, then we have already talked a little bit about the future years, 2016 through 2019, but I think your questions is, should you be looking at something for 2015 if you don't get the money.

Well, I am going to ask Hale how he handled that in the budget specifically. But, yes, it is always a concern for us, and it is going to continue to be a concern.

General DEMPSEY. "Readiness" is a very difficult thing to define, to be honest with you. We struggle with it, we keep working at it. So let me give you a little historical perspective.

This is my third appearance before this committee, and 3 years ago—

Mr. VISCLOSKY. Doesn't get better than that.

General DEMPSEY. I know. I look forward to it every year, I promise you. It gets easier every year. Not really. Not because of you, by the way. Just the issues seem to become more and more complex.

But some of you will remember that 3 years ago, we highlighted the fact that coming out of 12 years of—or that at that time it was 9 or 10 years—of fighting a particular kind of conflict, that even if we didn't have this challenge called the Budget Control Act, that it would take us a few years to restore our readiness in terms of resetting the force after having, you know, worked it for so hard for so long; and, secondly, that there were forms of warfare, kinds of fights, for which we hadn't prepared.

So, for example, we have become extraordinarily capable at counterinsurgency, counterterror. Less so some of our skills have eroded in things like maneuver warfare, and that is true of every service. So is you are the Army, it is the movement of larger formations over distance, integrating fires, joint fires and Army fires. For the Air Force, it is suppression of enemy air defenses. We haven't had to do that for a long time. It is forced entry for the naval forces in concert with Army and Air. There are things we just haven't practiced.

And 3 years ago I said, we have got to practice those. And then along came the Budget Control Act and took \$52 billion a year—well, first of all, came the \$487 billion, followed by the Budget Control Act. We have not yet been able to restore our credentials, if you will, to rekindle some of those lost skills. And that problem persists. And it is taking us longer to restore our full readiness than it should.

Mr. FRELINGHUYSEN. Mr. Hale, you are going to have to hold for a while because I want to make sure Members have a chance.

Mr. Visclosky, thank you very much.

Mr. Crenshaw.

SIZE OF THE NAVY'S FLEET

Mr. CRENSHAW. Thank you all for being back. A special word of thanks to Under Secretary Hale for his service, and just would note that he was a great traveling companion to the North Pole not too long ago. So if you ever go back to the North Pole, please call me. Love to make a return trip.

I want to ask a question or two about ships. You know, I have been in Congress for about a decade, but I have been around the Navy all my life because I am from a community where the Navy has a big presence. And I have seen times when the Navy was modernizing and transforming and changing. I have seen leaner times when the Navy was—had ships that couldn't deploy because maintenance had been neglected. But I never have seen a time when we didn't need the Navy, its flexibility, its firepower, its presence. There has never been a time we didn't have that need.

And I guess when I look at the number of ships, it makes me think about how important the ships are. And then for the last year, we have had briefings about how we need to pivot to the Pacific, that that is the geographic area that we have got to be concerned about in terms of our national security, and I guess to be successful there, we would need a strong maritime presence. And so that seems to indicate probably more ships as well.

And I know that there was a time when Ronald Reagan said we ought to have 600 ships and 15 aircraft carriers. And times have changed. The ships today are a lot more capable, a lot more technologically advanced. But I don't think we ought to kid ourselves, I think numbers still matter. And we still haven't figured out the age-old problem of how you have one ship in two different places at the same time. And the world hasn't gotten any safer; I know the world hasn't gotten any smaller.

And so when I look at the budget, Mr. Secretary, in my opinion, the numbers just don't add up. On one hand you have the Secretary of the Navy saying that we are going to grow our fleet size from about 285 to a little over 300, and that makes sense. But that is contradicted by the fact that the Navy is going to require 20 less littoral combat ships than they planned. You mentioned 11 cruisers are going to be laid up. I don't know exactly what that means. There is talk that maybe a carrier that still has 25 years of useful life might be decommissioned.

So it seems to me that you have got to figure out how we are doing all this counting, because if you are taking 11 cruisers that don't have weapons systems, that don't have crews, I don't know if they are counted in part of our fleet. I don't know if you count an aircraft carrier that might or might not be decommissioned.

So ordinarily I would ask the Secretary of the Navy this question, but, Mr. Secretary, my understanding is a lot of the decisions that are being made are coming from your office, which is appropriate; in other words, which ships we are going to keep, which ships we are not going to keep, how much money we are going to spend to develop the Navy that we need today. And so I do think it is appropriate to ask you if you could tell this subcommittee how you plan to meet those requirements.

And I would like to ask General Dempsey if he has looked at those plans and if he has kind of validated the size and the make-up of this planned fleet, because, as I understand it, the combatant commanders, when they request assistance from the Navy, they are accommodated about less than half the time. I have seen the number 43 percent of the requests that are made by the combatant commanders actually have requirements met.

So it seems to me if you face greater risks, and you have less ships, then there will be even less a percentage of those requirements being met.

So if you all could comment on those two, I would very much appreciate it.

Secretary HAGEL. Congressman, first, yes, we are going to need a Navy. I don't think there is any question about that. The Navy is a critically important component for forward presence, and power projections, and all the things that you know. So make no mistake, no one is suggesting otherwise. That is first.

Second, of the specific examples you used, all of those examples you used except one, the LCS, and I am going to come back to that, those were recommendations made to me by the Navy. So those were not initiated out of my office; those came from the Navy, and I accepted them. And I am going to address LCS.

But I think the bigger point here is if you have only got so much money to go around, you have only got so much money to go around. And I can't invent more money. I have got to balance a budget, I have got to balance our force structure, because I don't think there is any question that we are still going to need an Army and an Air Force and modernization. Half of our money goes to compensation, retirement benefits. I don't think there is any question there, we want to make sure our people are taken care of. I have only got so much.

I would like to have more ships, I would like to have more planes. Everybody would like to have more revenue.

On the LCS, you made the comment that we are taking 20 of the LCSs out. That is not exactly right. The program of record for the LCS was 52. A decision I made was play it out to 32, there is a specific mission for the LCS, but what I asked the Secretary of the Navy to do, is to come back to me by the end of the year and give me some options for a more capable LCS, one that is far more survivable than this one. Up gun.

This panel has already talked about, and we will hear more about, as this focus should be, the technological capabilities of our adversaries. You can have a lot of ships, Congressman, but if they don't have the capability to survive, and the power that they need, and the projection of that power is out there, but if they can't survive these new technologies, then I am not sure we have made the right decision.

It isn't a matter of we are going to lose 20 ships. What I said to the Navy is, come back to me, see if there is a better way to do this. All that money that was budgeted for the LCS is not taken out of their program. So if that helps clear that up, that was the reasoning behind this.

So in the interest of time, I will be glad to go further on any of this.

Mr. FRELINGHUYSEN. The time is of the essence. I know you want to weigh in, General, but I do want to get to other Members.

Thank you, Mr. Crenshaw.

Mr. Moran, thank you for your patience.

MILITARY COMPENSATION REFORM

Mr. MORAN. Sure.

Let me start with the positive. This is a good and responsible budget, particularly under the circumstances. And, General Dempsey, you are proving yourself to be an excellent Chairman of the Joint Chiefs, and thank you for your service.

And, Mr. Hale, you are a true professional, a real gentleman, and extraordinarily good guy. You have been a delight to work with.

And, Mr. Secretary, I mean it when I say that you are a man of exceptional character and courage and ability, and really the finest person we could find at this time in the history of the Defense Department. So I want to thank you as well.

The three of you are the best bet, then, for tackling what I think may be our most serious threat to a robust defense budget, and that may not be any military threat outside our borders. Just as entitlement programs are squeezing our ability to invest in the kinds of programs that would ensure a stronger economic and social future for our country, the cost of military pay and health care is now a third of the Department's budget, and it is the fastest-growing element, and unless we get some handle on it, it really is going to foreclose many of the discretionary options that are necessary within our Defense budget.

And to a greater extent, it really isn't an investment in the future of our security. I was very disappointed in what has happened to the effort to trim by 1 percent military retirement pay. Eighty-seven percent of our military veterans don't get retirement. They don't stay for 20 years. A lot of them are the kids who get the most serious combat wounds. But there are many who will stay for 20 years, and then more often than not, because they are particularly healthy, they will sign up for a second career with a defense contractor. Of course, the contractor doesn't have to pay for their health insurance. It is a good deal all around. In fact, we find now that by the time they are in their sixties, those who do benefit from retirement pay and another salary are in the top 5 percent of compensation throughout the country.

You know, that doesn't bother me. In fact, I think it is a good thing. You know, living the good life, voting Republican, it is fine. But I am not sure we can continue to afford it. And I was particularly disappointed that those organizations who represent military retirees were so adamant. I think they knew they were going to ultimately be successful. One of the most, I think, comical arguments was that it is going to affect adversely recruitment.

I am not sure how many 18-year-olds, when told that 20 years later their retirement COLA is going to be cut by 1 percent, really change their mind about signing up, you know? And you picture an, Oh, no. A 1 percent cut in my COLA when I am 38? Oh, no. Let me change my mind on that. They don't. The fact that we froze civilian pay, many of these civilians work alongside those in uniform, for 3 years. It just shows you that it is an area that we are

going to have to overcome politically, but somehow you are going to have to get a handle on the budget. And what you have suggested is kind of trimming around the edges.

Now, this is not supposed to be a speech, it is supposed to be a question, so I am going to ask you if you think there is any chance that the Commission on Military Compensation can give us an opportunity to get a handle on the fastest-rising portion of the Defense budget, because it really seems unsustainable.

Mr. Secretary.

Secretary HAGEL. Well, that is the charge of the Commission that the Congress set up, and we have just sent a number of options to them, as you probably know, on retirement. And for all the reasons you mentioned, I think it has been pretty clear across our leadership spectrum that we can't continue to sustain the kind of commitments that we are now obligated to sustain.

And just one point on the COLA-minus-1 issue, as you know, that would be for—I think you referenced people coming in after January 1st of this year.

Mr. MORAN. Yes, yes.

Secretary HAGEL. No, this is a serious issue. It has to be dealt with. I am hopeful that the Commission will come forward with some very smart recommendations.

The Congress is going to have to work with all of us on this. We can't move without the Congress on this, as you know. And I would tell you that I am committed. Our enterprise is committed to work with you on what those recommendations will be. But it is a key part of our future enterprise in order to deal with this, and it is the most difficult part, as you have mentioned.

Mr. MORAN. I know we are the problem more than you, but—

General DEMPSEY. I will be very brief, Chairman. What we are trying to do here is slow the growth, we are trying to slow growth. We want the money to go back to the services so they can do things like plow it back into readiness and maintenance and equipment. And we want to do it once.

By the way, that is important. I know that you pass annual budgets, but we want to have pay compensation, healthcare reform once so that the force can settle and stabilize against a new set of compensation standards.

And on retirement, Congressman, the one place I probably part company with you a bit is I have said and will continue to advise or recommend that any changes to retirement should be grandfathered for the force currently serving.

Mr. MORAN. Sure.

Mr. FRELINGHUYSEN. Thank you, Mr. Moran, for raising an important issue.

Mr. Calvert.

CIVILIAN WORKFORCE

Mr. CALVERT. Thank you, Mr. Chairman.

And thank you, gentlemen, for coming to speak to us today.

I would like to talk a little bit about the civilian workforce. It was mentioned briefly, Mr. Secretary, in your statement. The committee has heard official and unofficial testimony in the past that the Department could use some assistance from Congress in better

managing its workforce, giving you some legal authorities. According to the American Enterprise Institute, over the last 10 years, the Active Duty military grew by 3.4 percent, while the number of civilian defense employees grew by 17.4 percent. Despite this disparity, in light of our fiscal challenges, I am concerned that your testimony does not address any real detailed effort to rebalance the Defense Department's workforce; rather your proposed defense cut would obviously shrink the Army and obviously would add to risk in certain areas.

I am introducing some legislation tomorrow, which I have worked with some former Comptrollers—we discussed this in Los Angeles at the Defense Forum—which would require DoD to make necessary reductions to its civilian workforce in a systematic manner without compromising our ability to maintain a strong national defense over the long term. I think it is time that we, obviously, keep the best and brightest of our civilian workforce and bring the workers into balance with the Active Duty Force.

So my question, Secretary, in your testimony you mention a 5-year defense plan, which includes savings from reducing civilian personnel and contractor costs, but I didn't see any real details on how you would do that.

Just one last comment. Last year former Secretary Lehman wrote in a Wall Street Journal article that each 7,000 civilian employee reduction saves at least \$5 billion over 5 years.

Can you explain in more detail how your proposal to reduce civilian personnel and contractors will be implemented and savings that will result?

Secretary HAGEL. Congressman, first, and I will ask the Comptroller to give you some numbers on this, we did focus—and those numbers and how we would intend to do it are in the budget and the specifics of that. We did focus exactly on what you just talked about. We have been focusing on the civilian workforce, trying to judiciously explore what their role is. Twenty percent of the headquarters staff over the next 5 years, all headquarters staffs, will be cut. Chairman Dempsey and I did this together. The Joint Chiefs, all headquarters across the globe.

Now, when you look at just plain numbers, that doesn't represent a great number, but it is not insignificant. But it is bigger than that. And the percentages here are pretty impressive, what we are looking at.

And if I can ask the Comptroller to explain what is in that budget, the specifics of how we intend to do it and the focus that we put on it. But we did focus on it.

Mr. HALE. I will keep it short, and we can give you more detail. It was about a 5 percent cut in civilian full-time equivalents between fiscal 2014 and fiscal 2019 in this budget, similar to the reduction in the Active strength.

It comes from reorganizations. It comes from recognizing that workload is going down, as, for example, the war ends. And it comes—and here we could use your help—from BRAC. And when you get rid of a brigade combat team, you don't get rid of many civilians. If you close the base that that team was, then you save all the infrastructure, and that is a lot of civilians. So, if you give us BRAC authority, we will be much better able to—

Mr. CALVERT. Let me follow up on that. As you know, we have been through several BRACs, and we have been through several previous secretaries, and they have all tried to reform and reduce the civilian workforce, most notably Secretary Rumsfeld. But they failed to do so.

And I have been told by some of your predecessors and some of your former Comptrollers that you are unable to do so because of laws that are on the books, the number—and so forth that—especially on issues regarding performance, to make significant reductions in the civilian workforce.

You mentioned 5 percent. The Defense Business Board said that it is necessary, to bring them back into a ratio relative to civilian-to-military employees, should be a reduction of 15 percent over 5 years. Do you agree with that number?

Mr. HALE. We set our civilian numbers to match workload. So these are service recommendations that seemed right to us. So, I wouldn't be willing to sign up to a 15 percent cut, especially if we are going to have to keep civilians at bases we don't need.

(The information follows):

The Department's FY 2015 Budget reflects a 5% reduction in its civilian Full-Time Equivalents (FTEs) over a 5-year period from FY 2014 to FY 2019. Below is the Department's detailed civilian FTE profile over this time period.

FY 2015 Budget - DoD Civilian FTEs								Change	% Change
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY14-19</u>	<u>FY14-19</u>
Army:									
U.S. Direct Hires	235,464	242,709	238,300	229,558	225,084	219,043	218,681	-24,028	-10%
Foreign Direct/Indirect Hires	<u>20,644</u>	<u>20,643</u>	<u>19,917</u>	<u>19,787</u>	<u>19,307</u>	<u>19,148</u>	<u>19,002</u>	<u>-1,641</u>	<u>-8%</u>
Total	256,108	263,352	258,217	249,345	244,391	238,191	237,683	-25,669	-10%
Navy:									
U.S. Direct Hires	176,906	182,128	183,494	183,021	181,754	179,736	178,153	-3,975	-2%
Foreign Direct/Indirect Hires	<u>10,010</u>	<u>10,484</u>	<u>10,505</u>	<u>10,485</u>	<u>10,485</u>	<u>10,485</u>	<u>10,484</u>	<u>0</u>	<u>0%</u>
Total	186,916	192,612	193,999	193,506	192,239	190,221	188,637	-3,975	-2%
Marine Corps:									
U.S. Direct Hires	17,313	16,687	17,476	17,006	16,479	16,429	16,429	-258	-2%
Foreign Direct/Indirect Hires	<u>3,640</u>	<u>3,499</u>	<u>3,539</u>	<u>3,609</u>	<u>3,608</u>	<u>3,602</u>	<u>3,602</u>	<u>103</u>	<u>3%</u>
Total	20,953	20,186	21,015	20,615	20,087	20,031	20,031	-155	-1%
Air Force:									
U.S. Direct Hires	167,359	166,382	163,149	166,671	168,134	167,267	167,416	1,034	1%
Foreign Direct/Indirect Hires	<u>8,236</u>	<u>9,404</u>	<u>9,355</u>	<u>9,285</u>	<u>9,306</u>	<u>9,165</u>	<u>9,041</u>	<u>-363</u>	<u>-4%</u>
Total	175,595	175,786	172,504	175,956	177,440	176,432	176,457	671	0%
Defense-Wide:									
U.S. Direct Hires	129,139	134,641	131,558	130,813	130,020	128,838	123,743	-10,898	-8%
Foreign Direct/Indirect Hires	<u>4,182</u>	<u>4,500</u>	<u>4,418</u>	<u>4,365</u>	<u>4,365</u>	<u>4,365</u>	<u>4,365</u>	<u>-135</u>	<u>-3%</u>
Total	133,321	139,141	135,976	135,178	134,385	133,203	128,108	-11,033	-8%
Total DoD:									
U.S. Direct Hires	726,181	742,547	733,977	727,069	721,471	711,313	704,422	-38,125	-5%
Foreign Direct/Indirect Hires	<u>46,712</u>	<u>48,530</u>	<u>47,734</u>	<u>47,531</u>	<u>47,071</u>	<u>46,765</u>	<u>46,494</u>	<u>-2,036</u>	<u>-4%</u>
Total	772,893	791,077	781,711	774,600	768,542	758,078	750,916	-40,161	-5%

The savings associated with contractor FTE reductions starting in FY 2015 are reflected in the Department's contracting efficiency initiatives. These initiatives are estimated to save \$30 billion over the FY 2015 to FY 2019 period. Further details on the Department's contracting efficiency initiatives are provided below.

New Contracting Efficiencies

(Dollar in Millions)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY15-19</u>
Better Buying Power in Procurement	-445	-494	-532	-681	-616	-2,768
Department of Navy Contractual Services	-2,536	-3,143	-3,015	-3,367	-2,743	-14,803
Evolved Expendable Launch Vehicle (EELV)						
Program Savings	-635	-406	-217	-496	-325	-2,079
KC-46 Aircrew Training System (ATS) and Risk						
Adjustments	-296	-323	-81	-186	-162	-1,048
More Efficient Use of Research & Development	-124	-43	-22	-16	-17	-221
Reductions in Contract Costs	-1,500	-1,527	-1,555	-1,583	-2,250	-8,415
Space Acquisition and Investment Efficiencies	-23	-100	-279	-150	0	-552
Total	-5,558	-6,036	-5,701	-6,480	-6,113	-29,886

Mr. FRELINGHUYSEN. Mr. Calvert, thank you for your questions. Ms. McCollum, thank you for your patience.

BASE RE-ALIGNMENT AND CLOSURE

Ms. MCCOLLUM. Thank you, Mr. Chair.

Good morning. I guess I could almost say good afternoon, gentlemen.

Mr. Secretary, this defense budget makes tough choices that are responsible and necessary, and it has my support. Yet this year's tough choices are modest when you compare them to the dangerous budget choices that we will face next year if sequestration remains in place, as you gentlemen have pointed out. So I believe it is high time that some of my conservative colleagues in Congress stop criticizing this budget. Instead, find the political courage to put new revenue on the table to fund our national security priorities.

But absent such political courage or new revenue, we are not going to make America stronger and more secure by cutting domestic priorities like education, infrastructure investments, health research, or Social Security to fund the Pentagon's budget.

So to follow up on what you started talking about, BRAC, you know, one of the tough choices in this budget is a new round of closings. In 2004, the Department estimated that it had about 25 percent excess infrastructure. So, Mr. Hale, you started to kind of allude to this. Could you give us the estimate of excess Defense Department infrastructure today?

Mr. HALE. Well, I have to give you the same number. We have not been allowed to plan, and so we haven't. But we know that it was about 25 percent at the end of the BRAC 2005 round, and it is almost certainly higher now because we have reduced forces. So there is a good deal of unneeded infrastructure out there.

Ms. MCCOLLUM. Okay. Secretary Hagel, is it fair to say that as Congress continues to spend billions of dollars every year for military facilities and infrastructure that the Department of Defense does not need or no longer wants, that it impacts projected savings in future year defense programs from implementing the—you know, when we don't close BRACs, that means there is less money for readiness, there is less money for modernization, other priorities.

Could you maybe explain how if we don't do that, you can't do some of the things that General Dempsey and you were talking about for preparing our force to be well rounded?

Secretary HAGEL. Congresswoman, it is really pretty simple. If you are paying for overhead you don't need, whether it is people that Congressman Calvert talked about, or all the expense that goes with overhead you don't need, then you are absorbing resources from the more viable parts of your enterprise, and that is just less money you have.

And so I don't think it is anything more complicated than that. It is complicated to get there. It is imperfect, I know that. But the longer we defer this, and the longer we continue to keep that excess capacity that we are paying for, taking money away from the real important aspects of our mission and our national security, the higher price we are going to pay for that.

And at some point then, at some future Congress, or whoever is running the Pentagon at the time and the next chairman, they are going to have to make some tough choices. And that is what I said in my opening statement. The chairman has noted it. You all know it. That is life. So we are far wiser to get at this now to try to sort this out. But make no mistake, it is costing us now.

CAPABILITY OF AFGHANISTAN SECURITY FORCES

Ms. McCOLLUM. Thank you.

As the White House and the Pentagon has to consider a withdrawal of U.S. troop, zero option, and it was alluded to with the dollar figure that the ranking member brought up on the floor, there is also something else I would like you to briefly touch on.

What is your assessment of Afghanistan security forces' capacity to sustain the gains our troops have made and ensure that progress made by civil society and women in Afghanistan allow to be continued to develop?

Secretary HAGEL. I don't think there would be anybody here certainly today that would argue that things are not better in Afghanistan for women, for the people of Afghanistan than they were 10 years ago. That has come at a cost, yes. And the real question, I think General Dunford addressed this yesterday, and General Dunford will continue to address it; Chairman Dempsey noted it in his opening statement—that how do we protect that as much as we can, as best we can, the tremendous gains that have been made, the sacrifices that we have made, our people, to help the Afghan people get there.

Obviously, they are a sovereign nation. They have the responsibility to defend themselves, just as Iraq does. We have tried to help build those capacities as we have dealt with the terrorism issue, which led us there in the first place.

But the open question is, if in fact there is no role for the United States, and if there is no role for our allies—and let's not forget we have 50 International Security Force allies with us in Afghanistan and NATO—then there is an open question on the vulnerabilities that they are going to be dealing with.

I have confidence in the tremendous progress the Afghan army has made, their institutions. It is imperfect, I know. Our inspector generals remind us of that every day. But they have made great progress.

And General Dempsey was just there, as he noted. He made some evaluations, and he stays very close to this every day. I talk to Dunford on a regular weekly SVTS and touch base with him, our commanders as well, a number of times each week. But there is risk, and there is unpredictability.

Ms. McCOLLUM. Thank you. Thank you, gentlemen.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Ms. McCollum.

Mr. Cole.

AWACS/DEPOT MAINTENANCE

Mr. COLE. Thank you very much.

Gentlemen, first, thank all of you for your service. And I appreciate it more than I can say. We may occasionally have some dis-

agreements, but nobody on this panel doubts anybody's commitment to the defense of the country or absolute personal integrity and appreciates all the service.

I am going to focus on two or three things quickly. But I first want to make a quick remark. This is a budget full of really tough choices. I don't think there is any doubt about you made some choices you didn't want to have to make. And I want to associate myself, Mr. Secretary, with a couple of your remarks, because I think you made those tough choices because we in Congress and the administration have not made the tough choices that we ought to make. Frankly, we all know we are under a cloud here of fiscal restraint that is beyond what anybody on this panel wants to see happen where the military is concerned.

So, again, your job would get a lot easier if we did our job as well as you do your job. And, hopefully, in the next couple years we will be able to find some way to get there. Most of the members on this panel have voted for every deal that has been out there, whether it was the fiscal cliff or whether it was, you know, reopen the government or the Ryan-Murray deal, and they did that in large measure because they are very concerned about the men and women in uniform and about the challenges that we have dealt you as leaders.

So, again, I think the real message here at a deeper level, beyond the budget, is the political class of the country needs to start doing its job so that you guys are free to do yours.

Now, the two areas of concern that I had quickly to focus on, one, you made some tough choices in this budget concerning our AWACS fleet. And that is a pretty low-density but high-use asset that we are using right now, as you mentioned. And in full disclosure, this is a parochial concern, most of those are stationed in my district at Tinker Air Force Base. So obviously I have got a concern there.

But I think the fact that you could immediately deploy six of them, and you have got missions in the books for homeland security, to deny and to defeat, I mean, it is an asset we use an awful lot. So I would like to get your thinking on why we can lose that percentage. I recognize there have to be cuts not just in one place. This is a very high percentage of this asset. Essentially 25 percent that we are going to be losing.

Second question, and somewhat related, I just would like, if we have enough time, to expound a little bit, this sort of picks up on Mr. Calvert's question about are you comfortable with where you are at in terms of the depot system that we have. I mean, do you have what you need for modernization? Do you have what you need in terms of personnel? When you look at civilian reductions, where do you see those coming across the civilian workforce?

I think we get high value out of our depots. And I just want to kind of probe your thinking a little bit on where these civilian personnel cuts could come from, what areas of economizing there are out there.

Secretary HAGEL. Thank you, Congressman. And thank you for your comments.

Starting with your last question, using depots as an example, but it is a broader question, picking up on Congressman Calvert's ques-

tion, picking up on Congressman Calvert's question, which is a very important one. I think I would refer back to what the comptroller noted. Any business person, many of you are business people, or any responsible person who has responsibilities for an institution and people, so on, knows that you have to match your resources up with your mission. You match your people with the mission.

And what the comptroller was noting in a general answer, I think, to Congressman Calvert was we have tried to focus on what the civilian component responsibilities are for this institution. Everyone knows they support the military. And so what is their exact role? How many do we need? How many do we not need? As the world changes, everything shifts. So we have tried to do that. No, we are not perfect at it. But we prioritize that. So that would be the first general answer I would make to your point.

Depots and the civilian workforce there are really critically important for all the reasons, starting with the mission of the depot and how do they support the military. And so we focus on, again, those missions, and those missions that are most critical in support of our military and national security interests. That is always the starting point.

On AWACS and some of the tough choices we made. I followed most all of the recommendations that our chiefs and our secretaries made. General Dempsey deserves tremendous credit in working through this. This was not an easy process internally, as you all can imagine.

Each Service Chief, of course, has the responsibility for his or her service. And we have to rely, the President has to rely, I have to rely on the fact that they will be an adequate, an efficient, effective spokesman for their service, they will protect their service. That is their job.

But in the end, they also have a bigger responsibility, and that is the entire enterprise. And the chiefs had to make some very tough recommendations based on these fiscal restraints. And so I think I did a very effective job, much because General Dempsey helped them work through all this. It wasn't easy for anybody.

And so, therefore, your direct question to me, those were recommendations in almost every case that came from the Service Chiefs, the secretaries, on what they thought they were going to need with the restraints, fiscal restraints to protect the country, do the job that they are asked to do.

Mr. COLE. I am sure this was taken into consideration, this is last point, and I don't need a follow-up answer. But this is an asset that does enhance the capability of our allies. It is not just an asset for us. And so in that sense, it is a force multiplier. I think one of these things can enormously useful. That is really how we are using it now, as I understand it, in Romania and Poland. And it is something, it is a capability that not very many other people have that we do, obviously.

Secretary HAGEL. No, there are strong arguments, Congressman, on both sides of that. Those are close calls. I mean, I get it.

Mr. FRELINGHUYSEN. Mr. Cole.

Mr. COLE. I am sorry we put you in that position. I am sorry, Mr. Chairman. Yield back.

Mr. FRELINGHUYSEN. Mr. Cole, point is well taken. Mr. Ryan.

DOMESTIC NATURAL GAS

Mr. RYAN. Thank you, Mr. Chairman.

Thank you, gentlemen. I am going to cover a little bit of territory.

First, Mr. Secretary, I would like to thank you. Last time you were here, I talked with you about an airman, Karl Hoerig, who was murdered in my district, and his wife fled back to Brazil. And I want to thank you for your help. And I may have a question or two for the record on that issue.

With the issue of Ukraine, one of the issues, if you look at the map of Ukraine, you obviously see a lot of gas pipelines coming in and out of Russia. One of the things we are trying to do here is export more of this newly accessed natural gas that we have in the United States, in eastern Ohio and western Pennsylvania.

Can you just talk for a minute or two, General and Mr. Secretary, about what you think the Pentagon, Department of Defense position is on using our bounty that we have here as an opportunity to wean a lot of the European countries off of Russian natural gas?

Secretary HAGEL. Congressman, thank you for your comments regarding your former constituent, too.

Well, first, that is not our area of responsibility, specifically, as you know, as you implied. Not that we are unmindful, and cannot be, of all the different tools that the President has to conduct foreign policy to assure our national security and our national interests around the world. And certainly your question brings into focus one of those areas.

I know that the interagency is looking at all these different options. I am no expert on any of this, but I do know that one of the issues that we are dealing with—we, not DoD, but just our economy domestically as far as exports and liquefied natural gas—is our terminals. We don't really have the facilities, that I know some are being built and plan to be built.

But your bigger question, though, is one that we really don't get involved in. I don't know, the Chairman may have a response to it.

General DEMPSEY. Just to align myself with your thinking that an energy independent and net exporter of energy as a nation has the potential to change the security environment around the world, notably in Europe and in the Middle East. And so as we look at our strategies for the future, I think we have got to pay more and particular attention to energy as an instrument of national power, because it will very soon, in the next few years, potentially become one of our more prominent tools.

DEFENSE INDUSTRIAL BASE

Mr. RYAN. I appreciate that. We had a meeting with Ms. Merkel, a year ago today, the German Study Group was in Germany. And the first question she asked us was about how do we get some natural gas. And now the world is seeing how they are in the middle of this whole play that is happening.

The other issue and final question is regarding the defense industrial base. And I know you said earlier that the defense industrial base is an important national asset, which those of us in the industrial Midwest certainly know.

One of the issues is, as we move to cut some of these programs and weapon systems, I think it is important for us to understand how that is going to affect the industrial base, how that is going to affect the supply chains, Tier 1, Tier 2, Tier 3, all the way down, subcontractors, all the way through the supply chain. And I don't think that DoD has yet a full, deep understanding of the supply chain.

And I want to know and ask, is there any move afoot or initiative within the Department of Defense to really map and figure out what this supply chain looks like? And it would certainly have benefits into other manufacturing sectors as well.

Secretary HAGEL. Congressman, your point here is very, very important, and I alluded to it, as you noted, in my statement. But to your question, yes, we do, matter of fact, pay a lot of attention to this.

I don't know if our under secretary for acquisitions has been up here, Frank Kendall, to talk with any of you. I suspect most of you know who he is. He comes from the business world. In fact, he is a West Point graduate. But he has spent a lot of time on this, as all of our chiefs have, our services have, because everyone recognizes that industrial base is where that strength, where that comes from.

Every decision we make, recommendation we make, factors that in, Congressman. Now, you may disagree with some of the decisions, but it goes back to what we have been talking about all morning. I mean, when we are limited with resources, we have got to make some hard choices. I would like to keep all the airplanes flying and all the ships steaming, and more ships, more airplanes. But I don't have that opportunity to do that. So we have to make tough choices.

But I want to assure you—and we will be glad to come over and give you a complete briefing on this, too, as to how we do this—that your point is a very important part of all our decision making.

General DEMPSEY. Mr. Chairman, could I just add.

Mr. FRELINGHUYSEN. Yes. Very briefly.

General DEMPSEY. To your point, I am sure there are things happening out there that we haven't yet been able to fully understand. So, for example, the big providers are able to absorb the uncertainty that we are all confronted with. The smaller ones, subcontractors, are not. And so I am sure that in terms of the big providers, the effect is probably pretty minimal. But I think among the small providers it is probably pretty significant, and it argues for the kind of certainty we have been asking. Long-term certainly will mitigate the risk that we lose some of these really important and smaller providers.

Mr. FRELINGHUYSEN. Thank you, General.

Thank you, Mr. Ryan.

Mr. RYAN. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Mr. Womack. Thank you for your patience.

ARMY AVIATION RESTRUCTURE

Mr. WOMACK. Thank you, Mr. Chairman.

And again, I would like to add my thanks to the panel here today for their great service to our country. And I can't imagine the difficulty you are having in making these tough choices.

At the risk of getting down in the weeds, maybe more appropriately at the hover level, I want to ask you for your explanation on the decision to take attack aviation out of the Guard and put it into the Active component in totality. And then there is a second piece to this question that is more strategic thinking in nature. Does it signal that there is a new construct to how we look at our Guard and Reserve, who for many, many years, since the war on terror began, has become more of an operational force? And now we are making a proposal or making a decision to take strategic depth away from attack aviation and put it in the Active component.

Does that signal a change in the construct of how we look at our Guard and Reserve?

Secretary HAGEL. Thank you, Congressman. That is a critically important question, and I am going to ask the General to address it. Because he has probably—not probably. I can't speak for the all-knowing comptroller here, who is expert on everything, at least we go to him for everything. But there is certainly nobody at this table, nobody in this room I am aware of who knows more about this question than the Chairman of the Joint Chiefs of Staff. So I am going to defer. I have got an answer, but his will be better. So let me defer my answer and let General Dempsey address this.

Mr. WOMACK. Please, General. Thank you.

General DEMPSEY. I can't promise you better, but I will promise you as much information as I can possibly provide. And I would be happy to also take a further follow-on for the record.

[The information follows:]

We are continually assessing our force structure, to include the balance of forces in the Active and Reserve Components. Moreover, we constantly look for more efficient ways to manage the force while meeting combatant commander requirements. Transferring attack aviation, the low-density/high-demand AH-64 Apache helicopters, from the Guard into the Active Component is an example of the normal rebalancing of capabilities between components to better enable the Joint Force to meet the needs of the combatant commands. This decision better enables Apaches to be teamed with unmanned systems for the armed reconnaissance role as well as their traditional attack role. Further, it provides the National Guard a more robust capacity of the more versatile UH-60 Blackhawk. These aircraft not only improve the National Guard's capabilities to support combat missions, they increase their ability to support civil authorities, such as disaster response, while sustaining security and support capabilities to civil authorities in our states and territories.

General DEMPSEY. The Army is essentially trying to reduce the number of platforms from seven to four, to replace some aging platforms that, frankly, are just cost inefficient, and in so doing turn the Apache helicopter both from an attack platform into a scout helicopter, link it with some unmanned aerial systems in order to form a scout weapons team.

To do that, their intent, as currently briefed, is to move the attack helicopter fleet, as you know, into the Active component, but replace the loss of aircraft in the Guard with lift helicopters, which have both utility in a combat environment, but also in homeland defense, humanitarian assistance, disaster relief.

I can assure you it is not a move toward pushing the Guard back into a strategic reserve. That is actually a separate issue. I can understand the question, and I can understand the concern on the part of the Guard. But the Guard will always remain part of our operational capability. Albeit the attack helicopter capability, the rotary wing attack helicopter capability would be removed.

We are now in negotiation, frankly, and in discussion with the Guard about how much of it can be operational at any given time in balance with the Active component and how much of it then would be in a more strategic role. And that is a discussion that will persist for the foreseeable future as we determine what our needs will be. But we are not trying to push the Guard onto the shelf, I assure you.

Mr. WOMACK. My last comment would be this, and if you want to respond to it, fine. You have already touched on this notion that we are pretty good right now at counterinsurgency. We have been doing that for a long time, we are really good at it.

Some of the more recent activities going on in Eastern Europe concern me that we could be thrust back into some kind of full spectrum operational environment. And we are not very good at that now. We are not certified, as you called it, credentialed to do that. We have to know up here, as we pivot to new threats, emerging threats, we have to know up here where we are weak in our ability to respond, to project power into these trouble spots. And the sooner the better.

So I got it. I agree with you. I am concerned about it. And I hope that our Nation can become as concerned about it.

Mr. FRELINGHUYSEN. Thank you, Mr. Womack, for some excellent, on-point questions.

Mr. Owens.

BASE RE-ALIGNMENT AND CLOSURE

Mr. OWENS. Thank you, Mr. Chairman.

Gentlemen, thank you for being here.

I want to go to an issue that has been raised several times. But you have clearly, I think, laid out an argument that we have excess weapon systems or at least aging weapon systems. We have facilities that are, in your minds at least, not necessary. And, obviously, that brings people along in the process as well. You have also told us that we have not allowed you to plan to deal with that issue.

If you had the capacity to plan, how long would it take you to construct something that would tell us where you anticipated being after you made cuts, and then how would that lay over to what you see as the mission and/or threats that you are trying to address? Because it is clear to me that we have had a change in what we see as our threat assessments over the last 10 or 15 years.

Secretary HAGEL. Congressman, were you speaking about—you started in your comments about excess capacity. I am not sure—

Mr. OWENS. You mean I wasn't clear?

Secretary HAGEL. No, I wouldn't put you in my category. Let me take a run at what I think I can provide you here.

Mr. OWENS. Maybe I can clarify this. There has been a lot of talk about BRACs. You said you can't plan for a BRAC because you don't have authority to plan. What I am trying to understand is,

if we gave you authority to plan, how quickly could you develop a plan, present it to us, and how does that match up with our threat assessments?

Secretary HAGEL. On BRAC, you mean?

Mr. OWENS. Right.

Secretary HAGEL. Well, we have done a lot of planning on that. We know based on, to your point, corresponding threats, where those threats are. For example, I laid out in my opening statement just a brief four specific priorities on our defense strategy guidance, QDR, what was the focus, homeland security, went right down through that. Let's just take those four priorities that the President laid out 2 years ago, QDR. How do you implement the plans the programs, the missions in order to develop, sustain, and then implement those strategies to deal with the threats?

And so, yes, we have got a pretty good sense of overhead and structures and so on that we could do without, that don't, in fact, factor into the strategic threats that you noted have changed significantly in the last 10, 15 years.

Mr. OWENS. It doesn't appear to me that the public understands that you have had this change in threat assessment and what those threats are and how you would meet those threats. I don't think that is well understood by the public.

Secretary HAGEL. Well, maybe not. I mean, if you start with the President's Defense Strategic Guidance and then QDRs, I suspect most in the public don't spend that much time going that deep down into it, and maybe we haven't articulated clearly enough what we see as threats. But I think, you know, in speeches I give, the Chairman gives, our chiefs give, we talk about those all the time, cyber terrorism, so on. And so maybe we could crisp that up better.

When I go out and speak or when I take questions and when I am on different forums, different settings, not just up here, as the Chairman does often, we are often asked that, I mean, by the media, by others in various ways. But I don't think it has been any particular secret as to where we thought we needed to go and what the threats were.

Mr. FRELINGHUYSEN. General Dempsey.

General DEMPSEY. Let me take a really brief swing. This is the elevator speech of national security strategy.

Our threats can be described as two, two, two, and one. Two heavyweights: Russia and China. Two middleweights: Korea and Iran. Two networks: Al Qaeda and the transnational criminal network that runs from south to north in this hemisphere. And one domain: cyber.

And in response to that we have distributed the force, we have a very good idea of how much of it should be forward deployed, how much should be rotational, and how much should be in we call it surge capability and the homeland. We have got that. We can certainly provide that.

Mr. OWENS. Thank you.

[The information follows:]

Our global posture analysis, which includes forces, footprints, and agreements with Partner Nations, is an on-going and dynamic process that involves multiple coordinated efforts. We carefully balance the need to provide forces to the geographic

combatant commands to assure our allies and deter our adversaries with the need to preserve ready units for homeland defense and surge events. This delicate balance is measured against our strategic pillars, National Security Initiatives, and mission prioritizations. This review yields a set of forces that are forward-based (stationed), forward-deployed (rotational) from the U.S., and forces that can be deployed in response to crisis or war (surge). The combatant commands have forces with which to plan and conduct current operations, and the Services manage forces for steady-state missions while providing a hedge for unforeseen contingencies.

Mr. FRELINGHUYSEN. Let me just comment before I go to Mr. Aderholt. A lot of emphasis is placed on all these assessments and QDR. And, of course, it didn't escape you that in the most recent one, of 64 pages, Russia was only mentioned once. I think you perhaps saw that. I mean, that is pretty alarming.

Mr. Aderholt.

SPACE LAUNCH ROCKET ENGINES

Mr. ADERHOLT. Thank you. I join my colleagues in welcoming you to our subcommittee. And it is great to have you here this morning.

Concerning the Ukrainian situation, touch base about it just a minute. My question would be, do you feel like—and I will address this first to the Secretary and then to the Chairman, or whoever would like to respond to it—but does it demonstrate it is time for us to move ahead promptly more with a joint Air Force-NASA funding to develop additional capabilities for making powerful rocket engines here in the U.S.? Just your thoughts on that.

Secretary HAGEL. You are obviously referring to the relationship we have with the Russians on—

Mr. ADERHOLT. Yes.

Secretary HAGEL [continuing]. On their rocket motors.

Well, I think this is going to engage us in a review of that issue, I don't think there is any question about that.

Mr. ADERHOLT. But do you feel that this is something that is rising to the forefront now with this Ukrainian situation?

Secretary HAGEL. Yes. As I just said, I think there is no question it is—

Mr. ADERHOLT. Yeah.

Secretary HAGEL. Sure.

General DEMPSEY. Well, as you know, we have got relationships not only in the issue of commerce and trade with Russia, but the northern distribution network coming out of Afghanistan, cooperation on counterterrorism and counterpiracy; many, many different areas where we have a relationship with them, and I think they will all be under some scrutiny, depending on how the issue in the Ukraine evolves.

LITTORAL COMBAT SHIP

Mr. ADERHOLT. Let me move over quickly to the LCS. I know it has already been mentioned here this morning, but you know, of course, some concerns about I think about every ship in the fleet will be equally armored, but be that as it may, I believe that the threats which the current LCS are designed to address need to be defended against probably as we go for the budget process. But in the fiscal year 2015 budget report, the Navy, I understand, acquires three LCS ships instead of four as originally planned. Given

the situation, how do you decide which of the two versions of the LCS to put on hold for a year?

Secretary HAGEL. Well, first of all, we are not putting anything on hold with the production line that is in place. What I have said is that of 32 LCSs, 24 have already been contracted for, and another 8 will need to be contracted for. Those go forward. Those are ongoing now. We budget for them, so there is no change. Those will go right into fiscal year—in the current production line, 2020, so that doesn't change.

What I have asked the Navy to do is to come back to me, as you may know or you may have seen the memo, and address the issue of if we are projecting out a 300-ship Navy, is it the smartest place we can have a sixth of our ships, LCSs? That is what we are projecting. In the light of some of the points that have been made here today, the new emerging technologies and threats that our adversaries have, is this really what we need and what we want, we should be spending our money on?

You are correct, the LCS was designed for specific missions, and that isn't changing. We are going ahead with those, for those missions, but then we are talking about, well, is that where we need another 20, which then that would represent a sixth of our Navy. So that is the question.

Your point about the two holds, one, as you know, being produced in Alabama and the other in Wisconsin, what I have asked the Navy to go do is look at those two holds; is there any variations that can come with already what is in the production line, research, technology, everything we know about, so you don't start over. How do you come back to me, will you come back to me with some thoughts about a more survivable ship, a more up-gunned ship, a more capable ship than what the LCS is presently? So that is the decision. Then we will make a decision in the next budget on that.

Mr. ADERHOLT. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you. And the cost.

Secretary HAGEL. I am sorry?

Mr. FRELINGHUYSEN. The cost of that.

Secretary HAGEL. The cost.

Mr. FRELINGHUYSEN. The cost. That is one of our primary focuses.

Secretary HAGEL. Yes.

Mr. FRELINGHUYSEN. Of what might succeed—

Secretary HAGEL. That is right.

Mr. FRELINGHUYSEN [continuing]. Represent and upgrade.

Secretary HAGEL. That is right.

Mr. FRELINGHUYSEN. Yes, Ms. Kaptur.

FORCE INTEGRATION/ALCOHOL ABUSE

Ms. KAPTUR. Thank you, Mr. Chairman, and again, thank this panel. We really appreciate your service to our country and your being here today. You are under a lot of pressure on many levels, and we thank you for your great intelligence and your composure.

I am going to ask for three items for the record, so I will just tick these off very quickly and then ask my question. For the

record, I would appreciate any information the Department has on Ukraine's military losses, including wounded and their engagements in support of our efforts on the global war on terrorism.

[The information follows:]

Industrial base impact (at all levels of the supply chain) is an important consideration factored into the Department's investment planning and budget preparation. In 2013, the Department implemented its first widespread application of Sector-by-Sector, Tier-by-Tier (S2T2) Fragility and Criticality (FaC) assessments with the Services and Defense Agencies. These assessments systematically evaluate the need for program adjustments or investments to sustain specific niches in the defense industrial base. The framework allows DoD leadership to better consider industrial capabilities spanning multiple sectors, tiers, Services, and programs as part of DoD's normal budget process. FaC assessments measure the criticality of a capability; the impact of losing the capability, including the difficulty of restoring it; the fragility of a capability; and the difficulty of obtaining a capability when needed. A summary of S2T2 FaC assessments will be included in the 2014 Annual Industrial Base Capabilities Report to Congress.

Results of the S2T2 fragility and criticality assessment are reflected in the FY15 President's Budget Request including investments for Air Force and Navy high-performance jet engine technology development, Army next generation ground combat vehicle design teams, and missile industrial base for production process improvements/automation and material/technology upgrades for enhanced performance.

In addition, the Department initiated a new program in FY14, Industrial Base Analysis and Sustainment Support, which will fund projects that preserve critical defense industrial base capabilities through a break in production that would otherwise have to be recreated later at a higher cost to the taxpayer. These projects are rated by the S2T2 FaC criteria. FY14 will fund focused projects for Butanetriol, a solid rocket fuel precursor chemical; Infrared Focal Plane Arrays; Advanced Thrusters for Solid Rocket Propulsion; and Test Facilities for Radiation Hardened Electronics.

While the Department is committed to achieving the best possible balance between affordability and capability, budget cuts are and will continue decreasing production and R&D for all defense systems and we cannot afford to "fix" all of our industrial base vulnerabilities. In general, we are concerned about maintaining engineering design capabilities in several sectors, most notably for tactical aircraft and rotary wing.

- To address tactical aircraft concerns, the Department has initiated an Air Dominance Initiative (ADI) led by DARPA with extensive participation from both the Navy and the Air Force partnered with major tactical aviation industry suppliers. This ADI team is exploring concepts for the next generation of air dominance and undertaking prototyping efforts based on the results of concept exploration. The Department continues to promote competition and innovation in aeronautics with its investments in enabling technologies and programs, including the Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) aircraft and the Long-Range Strike Bomber (LRSB).
- With regard to rotary wing concerns, DARPA has launched the vertical take-off and landing (VTOL) X-Plane program to challenge industry and innovative engineers to concurrently push the envelope in four areas: speed, hover efficiency, cruise efficiency, and useful load capacity. They are looking for true cross-pollinations of designs and technologies from the fixed-wing and rotary-wing worlds. Additionally, the Future Vertical Lift Joint Multi-Role Technology Demonstrator (JMR-TD) program will also encourage innovation and enhance competition for rotary wing platforms.

The Department has also worked with other government rocket propulsion stakeholders (Services, NASA, & OSTP) to establish a collaborative body within the Joint Army, Navy, NASA, and Air Force (JANNAF) construct to address rocket propulsion industrial base issues. We are leading activities associated with implementing the Government's Course of Action for sustaining the solid and liquid propulsion industrial base.

The Department is working through the Defense Ordnance Technology Council to address industrial base concerns associated with developing and executing missile fuze and thermal battery risk mitigation activities. We are also developing a strategy to address ammonium perchlorate industrial base issues.

As the Department continues to refine and implement S2T2 FaC assessments, we will increase our knowledge of those capabilities that truly need to be preserved as

well as help inoculate the Department against concerns not related to industrial base risk.

Number two, in terms of a defense industrial base, a summary of vulnerabilities, componentry, processes, and trained employees in the sectors you deem most critical.

[The information follows:]

Industrial base impact (at all levels of the supply chain) is an important consideration factored into the Department's investment planning and budget preparation. The Department conducted its first widespread application of Sector-by-Sector, Tier-by-Tier (S2T2) Fragility and Criticality (FaC) industrial base assessments with the Military Services and Defense Agencies in 2013. These assessments systematically evaluated the need for program adjustments or investments to sustain specific niches in the defense industrial base. The framework allows DoD leadership to better consider industrial capabilities spanning multiple sectors, tiers, Services, and programs as part of DoD's normal budget process. FaC assessments measure the criticality of a capability; the impact of losing the capability, including the difficulty of restoring it; the fragility of a capability; and the difficulty of obtaining a capability when needed.

The S2T2 fragility and criticality assessment results were used to balance short and long-term risks, and balance cuts to capabilities, in moderation. These decisions are reflected in the FY 2015 President's Budget Request, which include investments for Air Force and Navy high-performance jet engine technology development, Army next generation ground combat vehicle design teams, and missile industrial base for production process improvements/automation and material/technology upgrades for enhanced performance.

In addition, the Department initiated a new program in FY 2014, Industrial Base Analysis and Sustainment Support, which will fund projects that preserve critical defense industrial base capabilities through a break in production that would otherwise have to be recreated later at a higher cost to the taxpayer. These projects are rated by the S2T2 FaC criteria. FY 2014 will fund focused projects for Butanetriol, a solid rocket fuel precursor chemical; Infrared Focal Plane Arrays; Advanced Thrusters for Solid Rocket Propulsion; and Test Facilities for Radiation Hardened Electronics.

While the Department is committed to achieving the best possible balance between affordability and capability, budget cuts are and will continue decreasing production and research and development for all defense systems, and we cannot afford to "fix" all of our industrial base vulnerabilities. In general, we are concerned about maintaining engineering design capabilities in several sectors, perhaps most notably for rotary wing. For instance, the Defense Advanced Research Projects Agency has launched the vertical take-off and landing X-Plane program to challenge industry and innovative engineers to concurrently push the envelope in four areas: speed, hover efficiency, cruise efficiency, and useful load capacity. They are looking for true cross-pollinations of designs and technologies from the fixed-wing and rotary-wing worlds. Additionally, the Future Vertical Lift Joint Multi-Role Technology Demonstrator program will also encourage innovation and enhance competition for rotary wing platforms.

The Department has also worked with other government rocket propulsion stakeholders (Services, NSA, and the Office of Science and Technology Policy) to establish a collaborative body within the Joint Army, Navy, NASA, and Air Force to address rocket propulsion industrial base issues. We are leading activities associated with implementing the Government's Course of Action for sustaining the solid and liquid propulsion industrial.

Through the Space Industrial Base Council and the Critical Technologies Working Group, the Department is assessing and identifying actions to preserve and sustain essential capabilities and critical sub-tier vendors within the broader space industrial base. Risks are identified through annual S2T2 analysis efforts and then coordinated and ranked with interagency space partners for resourcing and action.

The Department is working through the Defense Ordnance Technology Council to address industrial base concerns associated with developing and executing missile fuze and thermal battery risk mitigation activities. We are also developing a strategy to address ammonium perchlorate industrial base issues.

As the Department continues to refine and implement S2T2 FaC assessments, we will increase our knowledge of those capabilities that truly need to be preserved as well as help inoculate the Department against concerns not related to industrial base risk.

Number three, there was nothing really in the testimony today dealing with energy security. There was some reference in the question, but in the quadrennial Defense Review, there was a little bit in there, but I am very interested in how you, across departments, deal with the management structure to lead the Department towards energy security and independence, and in so doing lead our country in that direction.

[The information follows:]

The Department incorporates the geostrategic implications of global energy supply and demand into our strategic planning. More directly, for the Department, energy security means having assured access to the reliable supplies of energy for military forces and operations and the ability to protect and deliver sufficient energy to meet mission essential requirements. Building on the strategic direction in the 2014 Quadrennial Defense Review, the Department issued a policy directive (DoD Directive 4180.01) on April 16, 2014 that will enhance military capability, improve energy security, and mitigate costs in its use and management of energy. The Directive institutionalizes the imperative to improve our use of energy and assigns responsibilities for implementing these actions across the Department. Regarding collaboration with other agencies, our Memorandum of Understanding with the Department of Energy is a good example. It provides a framework for steadily strengthening the collaboration and information sharing between both departments regarding energy technology in such areas as permanent and contingency bases and ground vehicles.

In terms of questions, in following Mr. Womack's question, he has left the room at this point, but in evaluating your spending reductions, across various categories and cost savings associated with these hard choices, I was surprised that the Guard and Reserve was also reduced. And in the region that I represent, I will give you a real specific example of what appears to have happened.

I support the Guard and Reserve very heavily. They have just performed superbly, and they cost less, but yet at our F-16 unit in northern Ohio, for the first time someone from Active Duty has come to command the base. This may be something strategically important that is beyond my ability to comprehend, but never before have we had someone come from Active Duty into a Guard situation at a base that is so highly ranked. And I thought, hmm, does that cost more than someone residing within the Guard? Maybe it is an anomaly, maybe it is something that is unusual with the blending of force, but if that is happening across the country, it is going to cost us more money, I think.

So I just point that out. With all these changes happening at the Department of Defense, I just think, following with what Mr. Womack said, we need to really look at that and make sure that Guard and Reserve are properly respected on many levels, because you are really dealing with tough budget choices.

Finally, I wanted to reference the area of human effectiveness, brain research that DARPA is doing, so important. We didn't talk much about DARPA today, but I want to pinpoint mental health of our troops, and particularly alcohol abuse. The most current report suggests alcohol use disorders, such as alcohol abuse and alcohol dependence, to be three times more prevalent in the military than PTSD. How is the military managing what appears to be an epidemic of alcohol misuse, abuse, and dependence, and the co-occurrence of alcohol misuse in a soldier who is either depression or PTSD, is recognized as being a common route by which impaired soldiers downwardly drift, leading to attempted suicide. Essentially

alcohol abuse converts a soldier who is depressed and thinking suicide to one who plans and attempts suicide.

So this issue of alcohol abuse across the force, including in our veteran population once they are discharged, is very serious. I would just like a comment on that today, and then if you want to provide additional for the record, terrific.

[The information follows:]

In 2012, DoD released a review of policies and programs for the prevention, diagnosis, and treatment of Substance Use Disorders (SUDs) in members of the Armed Forces. Concurrently, the Institute of Medicine conducted an external review of DoD SUD policy and programs. A recently submitted Report to Congress, dated October 10, 2013, focused on outlining DoD activities that ensure a comprehensive approach and plan for the prevention, diagnosis and treatment of SUDs. The Department has published two new instructions related to substance use: DoD Instruction (DoDI) 1010.01, "Military Personnel Drug Abuse Testing Program," was published on September 13, 2012, to establish standards for specimen and data collection on drug use and misuse and to direct the Services to issue guidance regarding participation in national anti-drug awareness, community outreach, and education campaigns. DoDI, 1010.04, entitled "Problematic Substance Use by Department of Defense Personnel," was published on February 20, 2014, establishing requirements for prevention, screening, and intervention for SUDs. New initiatives include the use of the Screening, Brief Intervention, and Referral to Treatment (SBIRT) model across the continuum of care. SBIRT is a comprehensive, integrated, public health approach to the delivery of early intervention and treatment services for persons with SUDs, as well as those who are at risk of developing these disorders. SBIRT includes the routine screening of patients for unhealthy alcohol use by using an empirically validated measure and prescribes interventions consistent with an identified risk.

The Department also continues to improve the flexibility of information technology platforms that track prescription medications in an effort to inhibit the diversion and misuse of prescribed medications. The Department is monitoring the implementation of the U.S. Army's Confidential Alcohol Treatment and Education Pilot, which has expanded confidential substance use treatment services for Active Duty personnel. Lessons learned from this pilot may provide new insights and strategies for broadening the implementation of SUD treatment without impacting force health and readiness. In addition, there are several proposed changes to the TRICARE SUD benefit which are ongoing or under review. DoD has published a proposed rule lifting the ban on opioid replacement therapies, thus increasing the pharmacologic options for those suffering with an opiate addiction. Also, the Department is reviewing recommendations to lift current lifetime and annual benefit limits on SUD care and is exploring alternatives that would permit the delivery of SUD care in settings outside of a TRICARE certified Substance Use Disorder Rehabilitation Facility. These combined efforts will help to ensure a standardized, integrated approach to the screening, education, early intervention and recovery for unhealthy alcohol use among our military members.

General DEMPSEY. Sir, if you want to take the alcohol abuse one, and, I mean, clearly we are focused on all manner of social challenges we have with the force, but let me just really briefly on the Guard.

The Air Force has actually been the most innovative force of all in integrating their Active component and Guard. I went and visited a B-2 squadron, and when they lined up the crew of the B-2 in front of it and introduced me, about every third member was a member of the Guard.

So they are looking at ways to integrate the force, and I would like to believe, but will check, that what you see manifest in the question you have asked is part of that integration, and that somewhere else there is a national guardsman taking command of an organization that heretofore has always been Active. But I will check with the Air Force.

The only thing other thing I would say, and I will take it for the record to give you analytics, that cost issue is really a challenging

one. The fact is, if you want a guardsman to be as ready tonight as an Active component soldier, sailor, airman, or marine, it is going to cost you the same thing. You buy readiness, how quickly can you have that man or woman deploy, and that costs exactly the same. So, we will give you the data to document that.

[The information follows:]

The cost to deploy a unit of active or reserve forces is roughly equivalent; however, there are cost differences in preparing active and reserve units prior to deployment. These differences occur primarily due to the number of training days for reserve forces—generally 39 days a year, increasing as a reserve unit approaches a deployment date. In peacetime, active units are funded to maintain a higher level of readiness relative to reserve component units and, therefore, cost more per unit. If you want a Guardsman to be as ready and capable as someone who is active, then you must pay for them to achieve that level of readiness, and the costs become equal.

Reserve component units are generally resourced at a lower level of readiness in peacetime and require additional time and resources to be ready for deployment, although there are some exceptions, particularly in the Air Force. These training times range from days to months, depending on the unit type, and will affect the time for each unit to be ready to deploy.

Mr. FRELINGHUYSEN. Ms. Kaptur.

Ms. KAPTUR. Thank you. And I wanted again to acknowledge Mr. Hale's exemplary service to our country. We wish you Godspeed in the months and years ahead, and thank you so very much.

Mr. FRELINGHUYSEN. Thank you, Ms. Kaptur.

Anchoring our questioning is Judge Carter from Texas, who, I believe, has some of the strongest military presence of any Member of Congress in his congressional district. Judge Carter.

PURPLE HEART ELIGIBILITY REVIEWS

Mr. CARTER. Thank you, Mr. Chairman. We like to hope so anyway, and welcome and thank you for being here. I apologize for being bouncing in and out, but I am chairing a hearing across the hall, and I have to get over there once in a while to make sure it is moving along.

To start off with a more provincial question, fiscal year 2014 defense authorization required two reviews and reports regarding the issuance of the Purple Heart. The reports are due not later than 180 days from passage, which means this May. One review is of the attacks at Fort Hood, Texas, and Little Rock, Arkansas, of what requires anyone determined to be eligible for that review to receive the Purple Heart.

The second review is a broader look at whether the criteria for awarding the Purple Heart is still relevant in today's battlefield and requests your recommendations for any changes in that criteria.

Mr. Secretary, I hate to get local, but this issue is very important to me. I represent Fort Hood, and the community that I represent has a keen interest in this issue. It also has significant impacts on the Department. Can you provide the current status of that, the report preparation, any updates you can give and about these reports that are due in May?

Secretary HAGEL. The reports are ongoing. The recommendations have not been presented to me yet. It is something that I watch very carefully. You might be aware that I have asked for a complete review of all our military decorations in light of I think it is

just important to do that every now and then as we have come out now, coming out our military combat action portion of the longest war we have been in in Afghanistan. I think it is a smart thing, appropriate thing to do, so there is an ongoing review of all our military decorations. And this specific area that you have mentioned, because it is specifically noted in the 2014 budget, I will get the recommendations, I will make a decision, we will be—obviously, we are working with the Congress on this, and we will be in touch with you on it.

FORCE REDUCTIONS

Mr. CARTER. Well, we look forward to that report in May. It is important to our community.

If I may, another line of questioning here. Mr. Secretary, this budget proposes significant force reductions, particularly in the Army. Our men and women join the service with the understanding that they would be performing duties associated with their military occupational specialty, or MOS. Recently I have heard concerns about the effect of morale of service members who are being tasked to perform duties that have nothing to do with military skills.

The morale of our service members severely impacts efficiency and performance of our military and must be taken into consideration in seeking these efficiencies. Has this issue been brought to your attention? How do you plan to address this issue to ensure that our men and women are performing tasks they signed up for? As DoD reduces its civilian and military workforce, as this budget proposes, can we anticipate service members will have to perform more of the support roles that were once conducted by civilian workforce? And finally, what consideration, if any, does DoD give to the effects these civilian workforce reductions have on the surrounding communities around our military installations?

Secretary HAGEL. Judge, I am going to respond briefly, and then I am going ask General Dempsey to respond to this question, because I think it is important you hear from the Chairman of the Joint Chiefs of Staff on this.

First, the morale of an institution, our military, nothing more important. I am committed to assure that.

Second, we have a professional military. They don't peel potatoes anymore, like I did once, and maybe you did, when I was in the military. This is a professional group of men and women. We treat them as professionals. We ask them to undertake professional assignments that they were trained for. If there are specific examples or areas where that is not happening, I want to know about it, and I know Chairman Dempsey wants to know about it, our Chiefs would want to know about it. I will do everything I can while I am Secretary of Defense to assure that.

So that would be my general commitment to you and to the people of this country and to our military, and this just won't happen as long as I am here, but let me ask the chairman.

General DEMPSEY. Yeah, and I will answer this briefly, and we will follow up with you, Congressman.

In adjusting to our new budget reality, we, of course, have had to issue guidance to the force on displacing, in some cases, contract

workers. Over the last 10 years when we had a budget where we were able to do so, for example, you might have noticed most of our installations were guarded by civilian contractors.

So, as we have adjusted to the new fiscal reality, the guidance has been, put soldiers back into those functions, but only if they can relate to their responsibilities as—I am using soldiers, but it is true of all the services. So one of the responsibilities of a soldier is inherently guard things. That is what we do. And so putting soldiers back on the front gate at Fort Hood makes perfect sense and is consistent with what you would expect of a soldier.

Where there may be other things happening, and we learn about them, we adjust it. But we are doing more than we did before at garrisons because we have got less money to spend to have others do it for us.

Mr. FRELINGHUYSEN. Thank you.

Mr. CARTER. And I am not saying this is happening at Fort Hood, but the question comes up, do you want an MOS that is an artillery man pushing a lawnmower?

Secretary HAGEL. No.

Mr. CARTER. And that is why I ask the question.

Mr. FRELINGHUYSEN. Thank you, Judge.

Mr. CARTER. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Judge Carter.

Mr. Kingston.

Mr. KINGSTON. Thank you, Mr. Chairman.

A-10 AIRCRAFT

To our distinguished panel, I am sorry. I am chairing another committee right across the hall with another Secretary, so I apologize for going back and forth. I will submit my questions for the record.

I would be remiss in my duty representing actually every branch of the military in my district, but also particularly the Air Force and the Army, A-10s, Air Force loves them, Army lives and breathes by them, and so I wanted just to make sure you knew how the Georgia delegation feels about A-10s.

And then also the proposal of the Commission for restructuring the Air Force in regards to the Air Force Reserve Command, I will have a question submitted to you on that. And then also potentially transitioning JSTARS to a bizjet of some sort in terms of a platform that gets them up faster. And so, aside from that, I will submit the questions.

Mr. FRELINGHUYSEN. Thank you, Mr. Kingston.

Mr. Visclosky.

SPECIAL FORCES

Mr. VISCLOSKY. Thank you, Mr. Chairman.

Gentleman, I just want to note that the budget proposes reductions in services end strength, but notice that there is a request for a Special Operations Command to receive a 10 percent increase over fiscal year 2014 in Active levels.

Last October, the Joint Staff authorized the Special Operations Command to develop a detailed campaign plan to establish a global Special Operations Forces. It also directed that it must maximize

the use of existing infrastructure and, at a minimum, be cost neutral and offer scalable options under reduced cost and force structures. The fiscal year 2015 budget requests funding to begin new activities associated with the global SOF network vision, and also there is budgetary document language talking about obtaining the necessary authorities.

The Special Forces are special, but from this Member's perspective, anybody who puts on that uniform is special, and I do have a very serious concern about the accretion within Special Forces, and also that everyone understands that there is a Title 10 authority for Special Forces.

So I want to make it very clear, and I am, again, speaking for myself. I have a deep concern. I understand that Admiral McRaven is coming in. We are going to have a full hearing on this issue. But I just wanted you to understand my concerns.

Thank you very much, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Visclosky.

On behalf of the committee, let me thank all of you for your testimony this morning and this afternoon. We focused a number of questions, and you have provided answers. We have a bucketful of other questions that we would like answered on a timely basis which go to your important work representing the world's best military. And as someone who once performed KP, I am aware that even the man or woman on the lowest rung of the ladder is part of a remarkable team of heroes.

So, with that, we are adjourned. Thank you.

[CLERK'S NOTE—Questions submitted by Mr. Rogers and the answers thereto follow.]

NEED

Question. Does TriCare provision of pediatric/adolescent psychological services meet present and anticipated demand?

Answer. Yes, TRICARE has implemented many initiatives to ensure pediatric/adolescent psychological services meet current and anticipated demand. TRICARE plays a significant role in caring for our Active Duty Service members, retirees and their families and is continually evaluating and adjusting its programs and policies to ensure that eligible beneficiaries are receiving the mental health care services required. TRICARE, through the Managed Care Support Contractors (MCSCs), has established networks of civilian providers world-wide. The MCSCs primarily establish networks as a means of augmenting Military Treatment Facilities' (MTFs) capability and capacity; however, the MCSCs have added networks in some additional areas distant from MTFs.

TRICARE beneficiaries usually constitute only a small portion of any particular civilian provider's practice, and TRICARE has a good deal of flexibility in expanding or contracting the size, composition, and use of the network in response to changes in MTF capability and capacity. For example, since October 2004, network outpatient behavioral health care visits for Active Duty family members 17 and under increased. This increased need for services was met by drawing on the nationwide unused network capacity and by adding thousands of additional providers to the network.

Question. What is the number of TriCare eligible children who are presented for the treatment of psychological illness each year? Within this population, what percentage are related to child psychological health consequences of military personnel traumatic brain injury (TBI), post-traumatic stress disorder (PTSD), and other military-related chronic stress?

Answer. The association between children with mental health conditions and parental PTSD, TBI, and other military-related chronic stress cannot be quantified; however, the table below represents the number of beneficiaries from birth to age seventeen with primary mental health, PTSD, and/or acute stress diagnoses across fiscal years 2005 to 2014.

Number of Beneficiaries Aged 0–17 Who Were Seen for Any Mental Health, PTSD, and/or Acute Stress Diagnoses

Fiscal Year	Mid-Year Population	Mental Health	PTSD	Acute Stress
2005	2,053,847	187,019	2,721	1,013
2006	2,020,144	187,653	2,735	952
2007	1,980,003	191,300	2,740	968
2008	1,995,552	200,350	2,926	1,138
2009	2,033,837	213,216	3,117	1,190
2010	2,092,201	230,234	3,360	1,086
2011	2,086,571	245,050	3,474	1,075
2012	2,068,359	256,951	3,667	1,146
2013	2,031,581	260,803	3,632	1,118
2014*	1,987,267	172,116	1,869	481

Note: 2014 data is incomplete; Mental health defined as ICD–9 code 290 to 319; PTSD defined as ICD–9 Code 308.81; Acute Stress defined as 308.xx; Data extracted from the Military Health System Data Repository on April 1, 2014.

Question. Has there been an increase in the need for pediatric/adolescent psychological treatment in the military health care system during the last ten years? Is a future increase in demand anticipated?

Answer. Yes, there has been an increase in mental health diagnoses among beneficiaries age 17 and under and this increase is consistent with the trend also seen in the general population. Based on these trends, it is reasonable to assume that the demand will continue to increase. The number of pediatric and adolescent beneficiaries who had a primary mental health diagnosis increased from 187,019 in Fiscal Year 2005 to 260,803 in Fiscal Year 2013. The beneficiary population actually decreased from 2,053,847 in 2005 to 2,031,581 in 2013, meaning that the percent of the beneficiary population who had at least one mental health encounter increased from 9.1% in 2005 to 12.8% in 2013.

The Services have robust staffing models, including the Psychological Health Risk-Adjusted Model for Staffing (PHRAMS). PHRAMS was developed to provide the Services with a tool using a consistent methodology to define the appropriate number of mental health personnel to meet the mental health care needs of Service members, retired members, and their families. PHRAMS and other mental health staffing models permit the Services to make adjustments in planning assumptions to meet the needs of individual communities to determine the appropriate number and mix of mental health personnel required in Military Treatment Facilities (MTF).

Additionally, TRICARE has a good deal of flexibility in expanding or contracting the size, composition, and use of the network in response to changes in MTF capability and capacity. For example, the increase need for services from October 2004 to 2013 was met by drawing on the nationwide unused network capacity and by adding thousands of additional providers to the network. Finally, the National Defense Authorization Act for 2014 (Title V, Subtitle C, "Mental health counselors for service members, veterans, and their families") directed the Secretary of Defense and the Secretary of Veterans Affairs to provide a joint report that describes a coordinated, unified plan to ensure adequate mental health counseling resources to address the long-term needs of all members of the armed forces, veterans, and their families. As part of this request, the Department is conducting a formal review of current mental health staffing, resources, and future demand.

Question. Compared to the general population, is the pediatric/adolescent military dependent population at increased risk of PTSD, PTSD-like symptoms, and other psychological disorders?

Answer. According to a large study of 307,520 children conducted by the U.S. Army (Mansfield, et al, *Deployment and Mental Health Diagnoses Among Children of US Army Personnel*, Archives of Pediatric/Adolescent Medicine. 2011;165(11):999–1005), 16.7% had at least one mental health diagnosis. This is consistent with the overall prevalence of a mental disorder in a given year reported in the general population, which according to the Centers for Disease Control (CDC) (estimate is between 13–20%). The study also reported that children of deployed Service members have higher rates of specific mental health disorders than the general population, particularly for depression (5.6% prevalence compared to CDC's 2.1%) and pediatric behavioral issues (4.8% prevalence compared to CDC's 3.5%). Disorders of stress (a category that combines the diagnoses of acute stress reaction/adjustment disorder, neurotic disorder, posttraumatic stress disorder [PTSD] and other stress disorders) were assessed at a prevalence of 5.9% among children of deployed Service members, which was only slightly higher than the CDC prevalence rate of 5.0% for PTSD alone is 5.0%. This suggests that children of deployed Service members may be at higher risk for depression, pediatric behavioral issues, and, to a lesser extent, PTSD or PTSD-like symptoms, compared to the general population.

Question. How do the psychological/psychiatric health issues seen in military children differ from the psychiatric issues seen in the general population?

Answer. At least three studies suggest that children of deployed Service members have higher rates of depression than the general population. A 2005 United States (U.S.) Army survey found that approximately one in four children experienced depressive symptoms when a parent(s) was deployed (Orthner, D. et al, 2005). Another study, *Children in the Homefront: the Experience of Children from Military Families* (Chandra A. et al, 2010), found that school aged children scored 2.5 times higher risk for emotional problems than the national norms. According to a large study of 307,520 children conducted by the U.S. Army (Mansfield, et al, *Deployment and Mental Health Diagnoses Among Children of US Army Personnel*, Archives of Pediatric/Adolescent Medicine. 2011;165(11):999–1005), 16.7% had at least one mental health diagnosis. This is consistent with the overall prevalence of a mental disorder in a given year reported in the general population, which according to the Centers for Disease Control (CDC) estimate is between 13–20%. The study also reported that children of deployed Service members have higher rates of specific mental health

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RESEARCH

Question. Has pediatric/adolescent psychological health been recognized as a research priority within the DoD? What is the research priority of child psychological health consequences of military personnel traumatic brain injury (TBI), posttraumatic stress disorder (PTSD), and other military-related chronic stress?

Answer. Yes, family research is an important aspect of understanding the well-being of the military family. The military family research portfolio is focused on improving military family psychological health outcomes and mitigating potential negative trajectories. Some research specifically targets child psychological health consequences of military member traumatic brain injury, posttraumatic stress disorder, and military-related chronic stress. In addition, research within the broader psychological health portfolio indirectly affects pediatric and adolescent health by identifying ways to improve the health of Service members, thereby improving the well-being of the family and the children in the process.

Question. What is the current funding commitment specifically for research into diagnosis and treatment of psychological health in military families? Is this adequate? What would be the optimal level of such research funding?

Answer. Funding priorities are based on requirements-driven research to project, sustain, and heal our Service members. All programs are subject to the availability of funds and are prioritized based on the greatest health threats facing the force. Family research is an important aspect of the overall well-being of the force.

In Fiscal Year (FY) 2013, \$8.72 million was committed to research focused on the diagnosis and treatment of psychological health in military families. Approximately \$11 million is projected for FY 2014–2015.

While greater investment will always enhance the quantity of research, current and planned investments in this area support the needs of the Department.

Question. Is further research in treating military dependent pediatric/adolescent psychological health issues required? [Effect on the Military]

Answer. Military families and children face unique challenges compared to their civilian counterparts. Further research in treating military dependent pediatric/adolescent psychological health issues is needed to continue the adaptation and development of appropriate evidence-based interventions and targeted therapies to address the specific mental health needs of military children.

EFFECT ON THE MILITARY

Question. This question concerns future military recruitment. The active duty military population is a small demographic group within the American population, but the children of active duty personnel and veterans are a very large component of the recruit population. Could the incidence of psychological illness among military children have a significant effect on future military recruitment? Simply put, are we in danger of losing the next generation of military recruits?

Answer. The Department of Defense recruits personnel across the full strata of the age-eligible U.S. population. The Department of Defense Instruction 6130.03, "Medical Standards for Appointment, Enlistment, or Induction in the Military Services," April 28, 2010, provides accession standards for mental health and substance use conditions by using the International Classification of Diseases. A definitive response to the questions above may not be possible even if a comprehensive study were to be conducted, but the available data indicate that any observed higher incidence of mental health issues among military children is not so significant as to affect the next generation of military recruits. Also, during Operation Enduring Freedom and Operation Iraqi Freedom, the Department instituted a waiver process to allow the accession of personnel into Military service who were experiencing less severe mental health conditions and possessed mitigating factors that would justify a waiver. This waiver process generally worked well and helped ensure the military was able to meet its recruitment goals.

Question. This question concerns retention. Are data available indicating that the incidence of psychological problems in military dependent children is having a negative impact on the retention of senior NCOs?

Answer. While the specific retention of Senior Noncommissioned Officers with children with psychological health concerns has not been directly studied in Health Affairs, the Military Health System (MHS), which includes TRICARE, provides a robust mental health benefit that covers military dependent children until age 26 (when including the TRICARE For Young Adults program). TRICARE provides MHS beneficiaries both outpatient and inpatient mental health services. In addition to the TRICARE Basic Program, the development of the Extended Care Health Option (ECHO) for Active Duty beneficiaries has made available additional supplemental services to eligible Active Duty family members with a qualifying special needs condition. These programs have addressed significant needs for military families as evidenced by parental feedback and the rapidly increase in beneficiary utilization. Under the ECHO Autism Demonstration Program, for example, TRICARE continues to increase access to Applied Behavioral Analysis services, and positive feedback from parental surveys indicate this and similar programs may improve retention.

[CLERK'S NOTE—End of questions submitted by Mr. Rogers. Questions submitted by Mr. Kingston and the answers thereto follow.]

AIR FORCE RESERVE

Question. The Commission on the Restructuring of the Air Force made recommendations that Air Force Command be eliminated and absorbed by the Active duty component. The report proposes these responsibilities could be subsumed within Headquarters Air Force and within the existing active duty major commands. While there appears to be no plan for this to occur in the budget, does future planning past FY15 have this move taking place? Has consideration been given to how its implementation would directly affect the effectiveness of the Air Force Reserve and the considerable costs associated with a move such as this?

Answer. I rely on the Secretary and Chief of Staff of the Air Force to organize, train and equip our great Air Force to meet the needs of our national military strategy. I recognize that this Commission was very thorough in its approach to this issue; however, the assessment of restructuring the Air Force by eliminating the Air Force Reserve Command does not indicate substantial savings, and could lead to decreased efficiencies and effectiveness in both organizational structure and command relationships.

J-STARS

Question. The J-STARS recapitalization plan in this budget has a divestiture of six E-8 aircraft in FY15-16 at Robins AFB. While there is an add for two of the new next generation J-STARS replacement aircraft, this does not occur until FY19. What plans are in place to meet this capability gap from the time that the existing J-STARS aircraft come out of service and the next generation J-STARS replacement comes online?

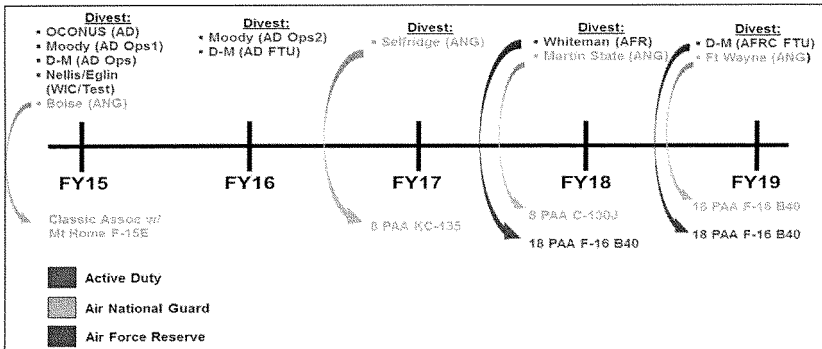
Answer. The Air Force did not want to reduce the J-STARS fleet, but the Budget Control Act forced the Air Force to make difficult strategic choices and to accept a temporary, near term, capability gap. However, the divestiture enables the Air Force to recapitalize the critical J-STARS mission area with the least amount of risk. The E-8C's increasing sustainability costs on top of tight budgetary constraints led the Air Force to make a decision to pursue the J-STARS Recap aircraft with its on-board Battle Management/Command and Control (BMC2), improved radar, and affordable operations and sustainment costs. While this divestiture will result in capacity shortfall and additional risk in the near-term, the payoff will ensure combatant commanders' success in contested environments during future joint operations. We will continue to prioritize CCDR requirements to ensure the most pressing needs are met while maintaining historical deployment and usage ratios. Operations tempo and aircraft utilization rates for J-STARS will remain high.

A-10 AIRCRAFT

Question. The Department's FY15 budget request proposes to eliminate the entire fleet of A-10 ground attack aircraft (the Department already has authorization to retire 61 aircraft out of a fleet of 346). However, we do not have enough F-35s right now to deliver to the squadrons that will lose their A-10s. Does the Department

have a plan for backfilling those A-10 squadrons until the F-35 is available? Why is there no plan to assign aircraft and follow on missions to active duty units currently flying the A-10?

Answer. The following timeline illustrates the Air Force's A-10 retirement plan along with planned backfills:



Starting in fiscal year 2015, the Air Force will begin retiring overseas-based active duty A-10s as well as aircraft based at Moody AFB, GA, Davis-Monthan AFB, AZ, Nellis AFB, NV, and Eglin AFB, FL. The Air National Guard squadron at Boise, ID will form a Classic Association with the F-15E squadron at Mountain Home AFB, ID. The remaining active duty A-10s at Moody and Davis-Monthan will be retired in fiscal year 2016. As part of the Air Force plan to retire Air Reserve Component (ARC) A-10s in the latter half of the Future Years Defense Program, the aircraft at Selfridge, MI Air National Guard Base (ANGB), will be replaced by eight KC-135 aircraft in fiscal year 2017. Whiteman AFB, MO Air Reserve Base and Martin State, MD ANGB A-10s will be replaced by 18 F-16 Block 40s and eight C-130Js, respectively, in fiscal year 2018. The reserve unit at Davis-Monthan AFB and Ft Wayne, IN ANGB will gain 18 F-16 Block 40s each, once their A-10s are retired in fiscal year 2019.

The Air Force is simply unable to backfill any of the Active Duty A-10 units as a result of the \$54 billion in funding cuts directed by the Budget Control Act of 2013, coupled with our effort to move targeted force structure to the Air Reserve Component.

EQUIPMENT PROVIDERS

Question. The Department of Defense has purchased hand and power tools and other types of related equipment in high volume through the General Services Administration (GSA) Federal Strategic Sourcing Initiative Multiple Award Schedule contract holders. It has come to my attention that GSA has recently undertaken an effort to dramatically scale back the number of participants in this schedule—especially impacting small businesses. You are probably also aware that the Government Accountability Office (GAO) recently issued a report to Congress about the effects of this sourcing initiative on small businesses which found that DoD among other agencies was not adequately tracking performance measures on the inclusion of small businesses and monitoring progress (or regression). In fact, I have been informed that a most recent contract solicitation for a Blanket Purchase Agreement would cut participants through the GSA schedule from over 380 equipment providers (over 300 which are small businesses) to a total of just six. This seems like a very drastic and sudden change. Has the Department of Defense, as one of the largest participants in this GSA effort, provided input to GSA on this matter? Does the Department support this approach? Why? Will a sudden reduction of over 98 percent of its equipment providers in this category impact DoD supply chains?

Answer. The Department of Defense (DoD) is committed to removing any barriers that impede the maximum utilization of small businesses in fulfilling our requirements. DoD, through the Strategic Sourcing Leadership Council (SSLC) chaired by the Office of Management and Budget, had subject matter experts work with the General Services Administration (GSA) in analyzing requirements for the proposed Maintenance, Repair and Operations (MRO) Blanket Purchase Agreements (BPAs). Although the analysis, conducted by GSA and the Defense Logistics Agency (DLA), determined the contracts that support DLA would not be included in the MRO ac-

quisition, DoD advocated for maximum use of small business vendors on these BPAs.

DoD, GSA, and other SSLC members reviewed the previous requirements across this category of spend, and GSA determined an acceptable number of BPAs to be issued in order to maximize savings and efficiencies.

DoD will continue to utilize those contract vehicles that provide the maximum savings and efficiencies in order to meet the mission. DoD continues to assess capabilities of small businesses in all of its acquisitions. Small businesses have provided support in this area in the past, and we expect they will continue to help DoD meet its mission in the future.

Question. Is DoD taking steps to improve its monitoring and performance measures of the impacts of strategic sourcing decisions on small businesses? Is the Department confident that such a drawback is warranted and that its implementation timeline is manageable? Is there evidence to suggest limiting the supply pool will save money?

Answer. Strategic sourcing is the collaborative and structured process of analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. This process helps the Department of Defense (DoD) optimize performance, minimize price, increase achievement of socio-economic acquisition goals, evaluate total life-cycle management costs, improve vendor access to business opportunities, and otherwise increase the value of each dollar spent. Strategically sourced contracts are utilized across the Department and the Federal government (i.e., Office Supplies, Fuel, IT, Small Package delivery).

DoD acquisition teams conduct market research for all requirements to determine the capability of small businesses in supporting the mission. Strategic Sourcing teams strive to maximize small business utilization and to scope their requirements in order to support small businesses.

In response to the Government Accountability Office Report "Strategic Sourcing: Selected Agencies Should Develop Performance Measures on Inclusion of Small Businesses and OMB Should Improve Monitoring," the Department has begun to collect baseline data on the inclusion of small businesses on current and future strategically sourced contracts. Small business utilization rates are being tracked and monitored in order to provide senior leadership with visibility of markets where small business can achieve success, or areas where future small business opportunities may exist. The Department believes that maximizing competition and small business utilization is critical to achieving mission success.

TRICARE

Question. The FY 15 budget request creates a consolidated TRICARE plan with higher co-pays and deductibles along with increases in co-pays for pharmaceuticals and implements an enrollment fee for new TRICARE-for-life beneficiaries. In reviewing these options has the department considered implementing a means tested scale for fees and co-pays? How do these cost increases compare to similar civilian healthcare plans?

Answer. The department has considered means testing for premiums. The President's Budget 2014 proposal for TRICARE Prime enrollment fees was means tested for retirees and the PB 2015 proposal is still means tested for TRICARE For Life beneficiaries. Even the PB 2015 consolidated TRICARE plan has some aspect of means testing for fees and co-pays with the lowest copays for Active Duty families of E1-E4s and lower copays for Active Duty families than for retirees. It also proposes that the medically retired and the families of those who died on active duty have the lower co-pays associated with active duty family members.

The fees and co-pays are for the most part significantly less than most civilian plans. Attached is a comparison with the 2014 Blue Cross/Blue Shield plans offered under the Federal Employees Health Benefit (FEHB) Program. (Note that the comparison is with the 2014 BC/BS cost shares which may rise by 2016 when the Consolidated TRICARE Plan would begin.)

[CLERK'S NOTE—End of questions submitted by Mr. Kingston. Questions submitted by Mr. Cole and the answers thereto follow.]

DEPOT WORKLOAD

Question. Secretary Hagel: Core requirements in Section 2464 of Title 10 establish the link between the organic depot workload that must be performed by depot personnel and our warfighting systems. DoD generally has interpreted this section to mean the minimum capability; however, Section 2464 also requires that the organic

facilities are given sufficient workload to operate efficiently. What is DoD doing to meet that part of the statutory requirement?

Answer. Department of Defense (DoD) core capability requirements and sustaining workloads are calculated in accordance with DoD Instruction 4151.20, "Depot Maintenance Core Capabilities Determination Process." Workloads necessary for efficiency are imbedded in the core sustaining workload requirement. Those requirements are then compared to anticipated workloads and any shortfalls identified. Core capability requirements and sustaining workloads are determined by the Military Services on a biennial basis, to ensure currency. They are also reported to the Congress in accordance with the requirements of 10 U.S.C. 2464.

The Department's last report, August 2012, reflected a total core requirement of 69.5 million direct labor hours (DLHs). In that report, the Army and Air Force reported anticipated core sustaining workload shortfalls of 982,000 and 404,000 DLHs, respectively. Army shortfalls were related to ground vehicles and ground support equipment. The ground vehicle shortfall (869,547 DLHs) occurred as operational tempo declined and because overseas contingency operations funding reduced the average age of the fleet to 3–4 years, so the Army assessed this shortfall as minimal risk. The shortfall is in ground support equipment related to Rhino Passive Infrared Defeat System, Floating Bridges, Tank and Pump Units, Biological Integrated Detection System, and Forward Repair Shelter System. The Army planned to mitigate these specific shortfalls by performing workloads on systems with similar attributes. Air Force shortfalls were in Communications and Electronics (C&E) (260,698 DLHs) and Ordnance, Weapons and Missiles (143,280 DLHs). The C&E shortfall was in Unmanned Aerial Systems (UAS), whose organic capabilities had not yet been established. UAS organic capability will stand up incrementally through FY 2016. Ordnance, Weapons and Missile shortfall was in missile components, which will be mitigated through existing and new weapons systems, such as missile launchers and defensive missile systems for the KC-46, F-35, MQ-1, and MQ-9.

DoD WORKFORCE PLAN

Question. Secretary Hagel: I am concerned about the ongoing utilization of civilian personnel caps and the perverse incentives that are created. As I read the transcript from last year, you and the Comptroller testified to the Senate Defense Appropriations Subcommittee on this topic that contractor personnel often cost at least two times more than civilian personnel, particularly for long term employment. How do you plan to allow your managers to hire personnel based on law, need, requirements and cost? How do you avoid a de facto freezes on personnel that cause problems with ensuring DoD has the appropriate mix of personnel, such as in depots, where skills and positions are not necessarily fungible?

Answer. The Department's total workforce plan is based on sourcing of functions and work among military, civilian, and contracted services based on workload requirements, funding availability, readiness and management needs, as well as applicable laws and guidance. The Department does not utilize civilian personnel caps and has not imposed a Department-wide hiring freeze in FY 2014. The Department continues to be committed to defining the right mix of military, civilians, and contracted services workforce needed to reflect new strategic priorities and evolving operational challenges within available resources.

Ensuring DoD has the right mix of personnel and protecting certain critical skill areas, such as depots, from civilian personnel reductions reflect not only DoD priorities but also congressional intent. For example, section 955 of the FY 2013 National Defense Authorization Act directs the Department to exclude civilians performing core or critical functions in complying with the statutorily required civilian personnel reductions over the FY 2012 to FY 2017 period. The core or critical functions that are protected include depots, acquisition workforce, cyber, and Sexual Assault Prevention and Response.

[CLERK'S NOTE—End of questions submitted by Mr. Cole. Questions submitted by Mr. Womack and the answers thereto follow.]

THIRD PARTY PAYMENT SYSTEM

Question. Secretary Hagel, despite a series of acquisition program reviews and enhancements, recent studies have shown that the cost of doing business with the Department of Defense continues to grow. Current estimates identify 38% of every dollar spent by the DoD goes towards administrative and other bureaucratic requirements. The overhead costs greatly reduce the overall purchasing power of the DoD and the ability to equip our armed services personnel. In fact, a recent article by the Lexington Institute referenced the DoD's Third Party Payment System program

as an example of where significant savings could be realized by the DoD. Since 1998 the DoD has employed a third party payment provider to perform transportation invoicing and payment processing for the Department much like successful private sector companies. This program has virtually eliminated paper invoicing, provided “commercial best practice” financial controls, and has saved the Department millions of dollars in reduced fees and personnel costs. The program also provides the Department a rebate for ensuring prompt and accurate payments.

I understand that only half of the DoD’s annual \$10B freight spend is processed through this program. In light of the aforementioned cost savings of this program, can you tell me if and when the DoD plans to expand this program across the Department?

Answer. While DoD has gained efficiencies with the automated transportation process, it is not a fully automated solution. Since the beginning of fiscal year 2014 approximately 50% percent of the payments transacted through the Third Party Pay Service—Transportation (TPPS–T) service provider are processed as fully automated. Until the current volume of DoD transportation business is successfully processing through the TPPS–T automated process, additional savings cannot be realized and expansion to other DoD transportation business cannot occur. The Defense Finance and Accounting Service is working aggressively with the other DoD Components and the financial institution providing Third Party Payment System services to improve the volume of transactions that can be processed in an automated fashion.

[CLERK’S NOTE—End of questions submitted by Mr. Womack. Questions submitted by Mr. Aderholt and the answers thereto follow.]

HYPERSONIC WEAPONS

Question. Given the recent work by China on hypersonic weapons, and also the threats from other nations: Is a US hypersonic weapon considered critical to our strategic posture? What type of hypersonic system, including AHW, could we field the fastest as a forward-deployed capability? What would the cost of that be, versus the cost of having to develop an alternate launch platform such as a submarine? Is this program supported by EUCOM, CENTCOM and STRATCOM, given the threats from Syria, Iran and now Russia?

Answer. In part to respond to the FY 2014 NDAA, a cost comparison study of various hypersonic strike concepts is underway.

The U.S. hypersonic boost-glide strike capability was recently addressed by the Joint Requirements Oversight Council (JROC) in November 2012. It was determined that the existing portfolio of fielded strike systems or modifications to current systems can meet the interim long-range-strike requirements identified in the prompt strike Initial Capabilities Document (ICD) with acceptable risk. The JROC did recognize that potential future circumstances may require a capability to address high value, time sensitive, and defended targets from ranges outside the current conventional technology.

The hypersonic strike capability is supported by EUCOM, CENTCOM, and STRATCOM; however, the Department is not confident that a realistic, affordable hypersonic strike concept capability can be fielded in the near future. Technology risk must be reduced, projected costs driven down, and operational considerations addressed before the Department commits to funding and fielding this kind of capability. In the mid-term, a forward-based ground or air-launched hypersonic strike concept could be fielded, but both present capability that would need a new basing plan and defenses. A submarine-launched hypersonic-strike concept could be fielded within 10 years utilizing existing platforms currently under development, and this concept does not require new basing or defenses. I fully support the Army and Navy’s collaboration on hypersonic boost-glide concepts that are applicable to both land- and sea-basing as part of the Defense-Wide Conventional Prompt Global Strike program.

LITTORAL COMBAT SHIP (LCS)

Question. The Navy seems to have a sudden shift in its position on acquiring the LCS ship. The Navy selected the LCS program as the most cost-effective program for filling the fleet’s requirement for additional capability for countering mines, small boats, and diesel submarines in littoral waters. I am not aware of a drop in these types of threats: Has DoD conducted a formal analysis that demonstrates that there is a more cost-effective way to address these capability gaps? Are you con-

cerned with the lost investment in LCS by changing to a new ship? Are you concerned that “starting over” with a new ship design will set us back by 10 years in addressing the threat that the LCS is charged to counter? Does the LCS meet the CENTCOM requirement to counter Iranian “A2/AD” threat?

Answer. While the LCS was selected to conduct a range of missions in the littoral regions, the Secretary directed a review of three alternative proposals to ensure the LCS is capable of operating against more technologically advanced adversaries. The review will consider using the existing LCS design, a modified LCS design, and a completely new design. Each option will consider required delivery date as well as target cost and mission requirements. These alternatives will be presented to the Secretary in time for FY16 budget deliberations. There is no lost investment in LCS, however, as two of the three alternatives utilize, in some part, the existing LCS design.

The CENTCOM requirement for anti-access area denial (A2AD) threat requires a family of systems of which LCS with a Mission Package (MP) is a part. LCS with the Mine Counter Measure (MCM) MP will provide a capability to conduct mine countermeasures comprising of both mine hunting and mine sweeping to counter mines throughout the water column in the littoral operating environment (with the exception of buried mines). LCS with the Surface Warfare MP will enable LCS to conduct missions in the littoral against a group of fast attack/fast inshore attack craft. LCS with the Anti-Submarine Warfare MP provides the flexibility and persistence to make a substantial contribution to denying adversary submarines an effective offensive capability and by protecting the maritime operating areas of US and coalition naval combatants, support ships, and merchant shipping from undersea attack within and enroute to maritime operating areas.

EVOLVED EXPENDABLE LAUNCH VEHICLE (EELV)

Question. Regarding the possibility of high-cost, national security satellites being launched by new companies, General Shelton was quoted March 11, as saying: “National security payloads have to get there, and we have to make sure we’ve done due diligence on the part of the government to make sure that that rocket is going to deliver that safely and reliably to orbit.” In order for competition to be accurate and fair, will each launch company be open to the same level of financial accounting-scrutiny by the government, and held to the same high level of mission assurance activities? My understanding is that one new entrant was given a special arrangement by the Air Force, which is less transparent than the requirement for the current launch provider. When will commercial capabilities be certified to launch high-value security payloads? Will the certification requirements include the same level of tasks and reporting for mission assurance as is required of the current launch provider?

Answer. All potential satellite launch competitors will be expected to comply with the applicable auditing, oversight, and accounting standards related to and required under the specific acquisition strategy the Department ultimately pursues in the competitive phases of the Evolved Expendable Launch Vehicle (EELV) acquisition strategy. Similarly, once certification is complete, all potential EELV competitors will be expected to comply with the applicable mission assurance standards and reporting measures. New entrant certification to launch high-value security payloads is an ongoing process which the Department is closely monitoring.

CONDITION-BASED MAINTENANCE PLUS

Question. Most Army aircraft are now equipped with sensors which allow for condition-based maintenance and have been conducting condition-based maintenance on a pilot program basis for several years, which created a lot of data. (1) When can we expect the Army to analyze the data? (2) When will a decision be made on whether the savings merit making condition-based maintenance even more widespread? (3) Will the other services adopt the program?

Answer. (1) Condition-Based Maintenance Plus (CBM+) is maintenance performed based on the evidence of need and is enabled by data collection and analysis. Engineering and logistics data analysis from sensors and related data systems is an ongoing Army aviation life-cycle process that has been actively expanding for nearly a decade. The Army Aviation and Missile Command (AMCOM) has moved well beyond piloting CBM+, by equipping 86 percent of their helicopters with sensors and establishing a Common CBM+ Data Warehouse to centralize all the collected data for easy analysis and retrieval. The data generated by on-board aircraft sensors is foundational to Army Regulation 750-1, “Army Materiel Maintenance Policy,” and Army Regulation 700-127, “Integrated Logistics Support,” which aim to improve

flight safety, reduce operations and support costs, decrease maintenance labor, and increase aircraft availability.

(2) In December 2012, Army Headquarters approved AMCOM's cost benefit analysis (CBA), which resulted in continuing planned CBM+ activity. The analysis identified over \$51 million in cost avoidance to date, showed a projected return on investment of nearly \$2 billion in life-cycle cost avoidance, and highlighted avoidance of 4 Class A mishaps. Additionally, Army TACOM Life Cycle Management Command has installed sensors on 1,740 Tactical Wheeled Vehicles resulting in an approved CBA that projected net savings of \$45 million over 20 years, just for those 1,740 vehicles. The Army will monitor the actual results of the pilot and build their plan for further expansion.

(3) The other Services are also actively implementing CBM+. Navy guidance is in OPNAV Instruction 4790.16. Their Integrated Condition Assessment System program has installed sensors on hull, mechanical, and electrical equipment on 96 surface fleet vessels with funded plans to expand to 164 ships by 2020. The Marine Corps incorporated CBM+ in MCO 4790.25, "Ground Equipment Maintenance Program," and is currently conducting a capabilities based assessment and business case analysis to define and document current gaps and vulnerabilities, assess alternatives, and validate requirements for enterprise-wide CBM+ implementation. Air Force Instruction 63-101, "Acquisition and Sustainment Life Cycle Management," defines the Service's overall CBM+ policy. Aircraft engines have a long history of sensors and data analysis capability. Air Force Instruction 20-115, "Propulsion Management for Aerial Vehicles," directs engine health management processes on propulsion assets to enable a predictive maintenance capability.

[CLERK'S NOTE—End of questions submitted by Mr. Aderholt. Questions submitted by Mr. Frelinghuysen and the answers there-to follow.]

DEFENSE EQUAL OPPORTUNITY MANAGEMENT INSTITUTE

Question. I want to follow up on my earlier discussion on the free exercise of religion—a right guaranteed in our constitution—and the Equal Opportunity Briefings conducted by the Defense Equal Opportunity Management Institute (DEOMI) that have labeled Christian churches and Christian non-profits as hate groups.

Has a review of DEOMI training materials been conducted? What material is considered non-federal reference material and could you provide me with a list of such sources that are used in the equal opportunity briefings? Is there DoD policy requiring what materials should be made available for training purposes? Who is responsible for approving the material's content?

Answer. The Defense Equal Opportunity Management Institute (DEOMI) has never conducted any equal opportunity briefing that labeled Christian churches and Christian non-profit groups as hate groups. The incidents you mentioned were the result of service members at the unit level, who had never been trained by DEOMI, developing their own training slides that contained the erroneous information. The Office of Diversity Management and Equal Opportunity conducted a comprehensive review of DEOMI curriculum. During the review, curriculum content items were identified and updated.

As DoD's premier entity to promote human dignity through education in equity and diversity, DEOMI evaluates the relevance and applicability of training content based upon the equal opportunity occupational training need. Instructional designers, curriculum developers, and subject matter experts review information and data to ensure its significance to each Service's training requirement. DEOMI course designers consider all sources of information to provide the academic scope needed to prepare instructors to meet the human relations needs of their students, and the students' customers and clients. DEOMI faculty and staff use sources external to DoD to inform instructor guides/lesson plans that generate discussion on sensitive human relations issues in an instructor-led classroom environment. The classroom experience prepares DEOMI graduates to perform their duties as Equal Opportunity Advisors to commanding officers or officers in charge. Information from non-DoD sources is used in instructor guides/lesson plans only when necessary to ensure an approved training objective is met.

This academic freedom allows instructors to best prepare students to perform their duties and responsibilities as equal opportunity advisors.

Further DEOMI training material is evaluated annually as directed by local operating instructions and required by the Council on Occupational Education (COE), DEOMI's accrediting agency.

DEOMI faculty and staff conduct course evaluations frequently to ensure the Service training requirements are met. DEOMI uses several instruments to assess the effectiveness and efficiency of the training, to include DoD Instructional Systems Design guidance, evaluation surveys, condition checklists, and research. Curriculum approval is completed and documented annually during DEOMI Curriculum Review Committee meetings. This documentation is available to the Office of Diversity Management and Equal Opportunity and demonstrates that DEOMI consistently produces high quality training and properly trained equal opportunity trainers.

MILITARY HEALTHCARE

Question. As your Services look to control the rising costs of military healthcare and benefits, what steps are you taking to ensure that our warriors and their families have ready access to the care they need—both upon return from deployment and during their transition from the Department of Defense to the Department of Veterans Affairs healthcare system?

Answer. The Military Health System offers a very comprehensive and low cost benefit that is far better than virtually every comparable employer in the US today. The TRICARE Prime access standards coupled with the robust TRICARE Network around MTFs help ensure ready access to the care they need.

Most Service members being involuntarily separated from the military including those who are being medically separated (not medically retired) qualify for premium-free TRICARE coverage under the Transitional Assistance Management Program (TAMP) for themselves and their families. Established more than two decades ago, the purpose of TAMP has always been to provide coverage to certain sponsors and their families for a brief period of time while they are making arrangements for their ongoing health care coverage. DoD's in-Transition program helps Service members undergoing behavioral health treatment with at least weekly contact with a telephonic coach until they find an appropriate follow-on mental health provider.

In addition to getting TAMP coverage; deactivating reservists are highly encouraged to enroll in the Veteran Health Administration at demobilization stations with VA staff often on-hand to assist. DoD and the VA have been working closely together on care coordination for a number of years.

TUESDAY, MARCH 25, 2014.

FISCAL YEAR 2015 NAVY/MARINE CORPS BUDGET OVERVIEW

WITNESSES

HON. RAY MABUS, SECRETARY OF THE NAVY

ADMIRAL JONATHAN W. GREENERT, CHIEF OF NAVAL OPERATIONS

GENERAL JAMES F. AMOS, COMMANDANT OF THE MARINE CORPS

OPENING STATEMENT OF CHAIRMAN FRELINGHUYSEN

Mr. FRELINGHUYSEN. The committee will come to order. If our guests will take their seats, we will get this show on the road. I want to thank everybody for being here so promptly.

This morning the committee conducts an open hearing on the posture and budget request from the Department of the Navy. I would like to welcome the Secretary of the Navy, Ray Mabus; the Chief of Naval Operations, Admiral Jonathan Greenert; and the Commandant of the Marine Corps, General James Amos. Welcome to you all and thank you for being here this morning.

I am sure I can speak for every member of the committee in thanking you for your valuable service to our Nation and to the men and women you represent that are serving around the world as we gather here.

Gentlemen, this committee has constantly heard about all the difficult choices that had to be made to prepare the fiscal year 2015 defense budget. Your choices set the stage for the difficult decisions that lie ahead for this committee in coming weeks.

The committee is anxious to hear from you this morning on how your budget request will deter future conflicts with fewer marines, fewer ships, and a smaller naval presence in parts of the world where our adversaries and potential adversaries are expanding their military capabilities every day.

We are aware that China plans a 12 percent increase in military spending in 2014 and has already delineated areas where they challenge our naval power and that of our allies every day.

As my predecessor, Congressman Bill Young, would constantly remind us, it is all about risk and how much more we are all creating as a result of continuing resolutions and sequestration.

So let's take advantage of the regular order we have in the time we have it and make sure we can do what we can to make sure we have regular order into the future.

Gentlemen, this committee realizes that all the rebalancing and repivoting to the Pacific and the size and capability of the fleet are dependent on an industrial base that needs to be as robust as we can make it, and we can talk about that later. I think that is important to all of us.

I am also somewhat alarmed about the frequency of reported misconduct by some members of the Navy leadership team. Just since the beginning of this year we have been notified of nine separate commanding officers, executive officers or command master chiefs being removed from their leadership position for some type of misconduct. That is a disturbing frequency of nearly one incident per week.

And then there is the suspension of the 30 nuclear reactor instructors and the shutdown of the Navy's training reactors in Charleston in connection with an exam cheating scandal. I think you know that both Mr. Visclosky and I were very much involved in the Energy and Water Committee and committed to naval reactors. So I think it is important at some point in time we explore what is going on there. There really have not been any reports since that situation was uncovered.

I would also like to add, as somebody who served on the Naval Academy Board of Visitors, I still have the sense that the institution needs to do more to address the whole issue of sexual assault and sexual harassment. I was very unhappy serving on that board, from time to time when we addressed the issue, we do it briefly in public and then we went into executive session.

And I think I can say on behalf of all of us here that the men and women that we nominate we are enormously proud of. They represent the best of America. And I am not sure that everything is in place to eliminate that type of behavior, and I hope we have some level of reassurance here this morning.

Despite these challenges, as we have always done in the past, this committee will work hard to assure the Navy and Marine Corps are ready and able to conduct their very important missions. This year, more than ever, we will have to work together to assure the best possible budget outcome.

I would like to yield the floor to Ms. McCollum, if she has any comments she might wish to make on behalf of Mr. Visclosky or herself.

OPENING REMARKS OF MS. MCCOLLUM

Ms. MCCOLLUM. Well, thank you, Mr. Chair.

And on behalf of those of us on the other side of the aisle who serve on this committee, we thank you for your openness, we thank you for your leadership, and your statement reflects many of the shared common interests and goals that we want out of this hearing.

Especially appreciate your comments on sexual abuse and the scandals involving cheating and other things throughout the military that have been in the Navy as well. So thank you very much, Mr. Chair.

Gentleman, thank you for being here, Admiral, Mr. Secretary and General Amos. We work alongside of you in our role to protect and defend our country. I look forward to hearing the Q and A that will result after your testimony.

Thank you for submitting your testimony earlier so that my colleagues who are in other committees right now will be fully prepared when they attend the hearing to ask their questions.

Thank you, Mr. Chair.

Mr. FRELINGHUYSEN. Thank you, Ms. McCollum.

Mr. Secretary, the floor is yours. Your comments will be, of course, a matter of public record. So the floor is yours.

SUMMARY STATEMENT OF SECRETARY MABUS

Mr. MABUS. Thank you.

Before I begin my opening statement, I just want to say that our thoughts and prayers and that of the whole Navy family are with the sailor who was killed in Naval Station Norfolk last night.

They go out to his family, friends, and shipmates. It is very early in the investigative process and, of course, we will keep this committee apprised of any information that we learn about this sad case.

Chairman Frelinghuysen, Congresswoman McCollum, members of the committee, I want to first thank you for your support of the Department of the Navy, our sailors, our marines and our civilians and their families.

General Amos, the Commandant of the Marine Corps, and Admiral Greenert, the Chief of Naval Operations, and I couldn't be prouder to represent those courageous and faithful sailors, marines and civilians.

These men and women serve their Nation around the world with skill and dedication no matter what hardships they face, no matter how far they are from home and from their families.

And I want to take just a personal moment here—this will be Commandant Amos's last posture hearing before this committee—just to say what a high privilege it has been to serve with Jim Amos as the Commandant of the Marine Corps.

The architects of our Constitution recognized the inherent value of the United States Navy and Marine Corps. Article I, Section 8, gave Congress the responsibility to provide and maintain a Navy because our Founding Fathers knew that the Nation needed a naval force to operate continuously in war and in peace.

Over 2 centuries ago the United States had a crucial role in the world, and today that role is exponentially larger.

Whether facing high-end combat, asymmetrical threats or humanitarian needs, America's maritime forces are ready and present on day one of any crisis for any eventuality.

In today's dynamic security environment, naval assets are more critical than ever. In military terms, they provide presence, presence worldwide.

They reassure our partners that we are there and remind potential adversaries that we are never far away. This presence provides immediate and capable options for the Commander in Chief when a crisis develops anywhere in the world.

In the past year, our naval forces have operated globally from across the Pacific to the continuing combat in Afghanistan and from the Gulf of Guinea to the Arctic Circle.

The 2012 Defense Strategic Guidance and the recently released QDR are both maritime in focus and require presence of naval forces around the world. Four key factors make that global presence and global action possible.

These four factors—people, platforms, power and partnerships—have been my priorities during my tenure as Secretary and they have to continue to receive our focus looking ahead.

In our fiscally constrained times, we have used these priorities to help balance between the readiness of the force, our capabilities and our capacity. Our people are our biggest advantage, and we have to ensure that they continue to get the tools they need to do their jobs.

In compensation, we have increased sea pay to make sure those sailors and marines deployed aboard ship are appropriately recognized.

However, this budget also seeks to control the growth of compensation and benefits which threaten to impact all areas of our budget.

If this is not addressed, as Admiral Greenert puts it, the quality of work for our sailors and marines will almost certainly decline.

Shipbuilding and our platforms remain key elements of our maritime power and a focus of this committee. The number of ships, submarines and aircraft in our fleet is what gives us the capacity to provide that global presence. While we have the most advanced platforms in the world, quantity has a quality all its own.

I think it is important to understand how we got to our current fleet size. On September 11, 2001, the fleet stood at 316 ships.

By 2008, after one of the great military buildups in American history, that number had dropped to 278 ships. In the 4 years before I took office as Secretary, the Navy put 19 ships under contract.

Since I took office in May of 2009, we have put 60 ships under contract. And by the end of this decade, our plan will return the fleet to 300 ships.

We are continuing our initiative to spend smarter and more efficiently, which is driving down costs through things like competition, multi-year buys and just driving harder bargains for taxpayer dollars.

Power, our energy, is a national security issue and is central to our naval forces and our ability to provide presence. Dramatic price increases for fuel threaten to degrade our operations and training and could impact how many platforms we can acquire.

Having more varied, stably priced, American-produced sources of energy makes us better warfighters. From sail to coal, to oil, to nuclear, and now to alternative fuels, the Navy has led in energy innovation.

Since the end of World War II, U.S. naval forces have protected the global commons to maintain the foundation of the world economy.

In today's complex environments, partnerships with other nations, evidenced by things like interoperability, by exercises and by operations, continue to increase in importance.

The Navy and Marine Corps, by nature of their forward presence, are naturally suited to develop these relationships, particularly in the innovative, small footprint ways that are required.

With the fiscal year 2015 budget submission, we are seeking within the fiscal restraints imposed to provide our Navy and Marine Corps with the equipment, the training, and the other tools

needed to carry out our missions that the Nation needs and expects from them.

There are never any permanent homecomings for sailors and marines. In peacetime, wartime, and all the time they remain forward deployed, providing presence and providing whatever is needed for our country. This has been true for 238 years, and it is our task to make sure it remains true now and in the future.

Thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Secretary.

[The written statement of Secretary Mabus follows:]

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

**STATEMENT OF
THE HONORABLE RAY MABUS
SECRETARY OF THE NAVY
BEFORE THE
HOUSE SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
ON
25 MARCH 2014**

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

Chairman Frelinghuysen and Ranking Representative Visclosky, and members of the committee, today I have the privilege of appearing to discuss posture and readiness for the fifth time on behalf of the men and women of the Department of the Navy. It is an honor to represent the Sailors and Marines across the globe, as the Marine Hymn says, “in every clime and place;” the civilians who support them at home and around the world; and to report on the readiness, posture, progress, and budgetary requests of the Department. Along with Commandant of the Marine Corps, General James Amos, and Chief of Naval Operations (CNO), Admiral Jonathan Greenert, I take great pride in the opportunity to both lead and serve the dedicated men and women of our Department. This statement, together with the posture statements provided by CNO Greenert and Commandant Amos, are designed to present an overview of the state of the Department of the Navy for your consideration as we move forward with the FY15 budget process.

The architects of our Constitution recognized the inherent value of the United States Navy and Marine Corps. Article I, Section 8, gave Congress the responsibility to “provide and maintain a Navy,” because our Founding Fathers knew that the nation needed a naval force to operate continuously in war and peace. Over two centuries ago they recognized that having a Navy and Marine Corps to sail the world’s oceans in defense of our national interests and our commerce sent a powerful signal to our allies and our potential adversaries. Even then, the United States had a crucial role in the world. Today that role is exponentially greater.

This year we celebrate the Bicentennial of Thomas Macdonough’s “signal victory” on Lake Champlain during the War of 1812. From that early triumph in the defense of our Republic to the heroic fights in places like Mobile Bay and Manila; to the Chosin Reservoir and the quarantine during the Cuban Missile Crisis and the coastal and riverine patrols of Vietnam; to the mountains of Afghanistan and the littorals of the Pacific presently; our Navy and Marine Corps have been there when the nation called. We have given our Commanders-in-Chief the options needed.

These options are far greater than just waging war, although the Navy and Marine Corps are ready, when necessary, to fight and win our nation’s wars. In today’s complex world, with a dynamic security environment, naval assets are more critical than ever. This year our ground forces are returning home from the battlefields of Afghanistan, just as they have from Iraq. Yet our Sailors and Marines know that they will continue to forward deploy as the guardians of our safety and security. In peace, as in war, we will deploy, day after day, year after year. For seven decades our global presence and maritime strength have ensured the freedom of the seas and the security of peaceful free trade around the world. This has resulted in unprecedented growth in the world’s economy, which has benefitted all. It also ensures America’s interests are respected and our people remain secure.

The Navy and Marine Corps respond whenever the nation calls. Whether facing high-end combat, asymmetrical threats or humanitarian needs, America’s maritime forces are ready and present on Day One of any crisis, for any eventuality.

Strategic Context in 2013

Throughout the past year, the Navy and Marine Corps repeatedly demonstrated the critical role they play in ensuring global stability. In military terms, they provide worldwide presence. Naval forces operated across the Pacific, and in the continuing combat mission in Afghanistan, from the Gulf of Guinea to the Arctic Circle. As President Theodore Roosevelt said, “A good Navy is not a provocation to war. It is the surest guarantee of peace.” We don’t have to surge units from home. Our ships don’t take up an inch of anyone else’s soil. We reassure our partners that we are there, and remind those who may wish our country and allies harm that we’re never far away. We protect the global commons and ensure the freedom of navigation which has underwritten the growth of the world’s economy for decades.

In recent years we have had a range of examples which illustrate what our Navy and Marine Corps mean for our nation. Every time North Korea conducts missile tests or threatens their neighbors, our Ballistic Missile Defense ships are already there, already on patrol. There’s no overt escalation, because we are already present. When special operations units conduct operations all over the globe, from capturing known terrorists in Libya to raids in Somalia, they rely on Navy ships and Marine Corps units as critical enablers. We support friends and allies with humanitarian assistance missions like Pacific Partnership and in exercises that help build our ability to operate together like our Cooperation Afloat Readiness and Training (CARAT) exercises with numerous partners. Around the world the credible combat power of the U.S. Navy and Marine Corps opens the door for diplomacy and helps our leaders address emerging threats.

A few months ago when Typhoon Haiyan moved toward our allies in the Philippines, our naval forces in the region tracked its progress. U.S. Marines were on the ground within hours after the storm. Our C-130s and MV-22 *Ospreys* brought in early aid and began to survey and assess the damage. Within days we had a dozen ships, including the *George Washington* Strike Group, in the waters around the Philippines along with over a hundred aircraft, providing lifesaving aid and supplies to devastated communities.

Humanitarian Assistance and Disaster Relief missions are an important contribution our Navy and Marine Corps make to our nation's diplomacy because our presence allows us to respond quickly and effectively. These operations build our partnerships and they encourage stability and security by helping those in need get back on their feet. However, it should not be lost on anyone that we are talking about warships, warplanes and warfighters. We amassed a dozen combat ready warships and massive amounts of air support, rapidly, to respond to a crisis. We were able to do so because of the inherent flexibility of our people and our platforms.

These examples demonstrate that for the Navy and Marine Corps global presence is our purpose. We are there to deal with the unexpected. We are the nation’s hedge against new crises and new conflicts. The Navy and Marine Corps are our nation’s Away Team, ready for whatever comes over the horizon.

Today’s Priorities

Four key factors make our global presence and global action possible. These four factors – People, Platforms, Power and Partnerships – have been my priorities during my tenure as Secretary and they must continue to receive our focus looking ahead.

Each of these four priorities contributes directly to the Department of the Navy’s ability to provide the presence and options which the Commander-in-Chief and the American people have come to expect. They are what makes our Navy and Marine Corps the most immediate and capable option when a crisis develops anywhere in the world. Our People, Platforms, Power, and Partnerships guide our approach to the FY15 budget process.

People – Supporting our Vital Asset

In 1915, my predecessor, Josephus Daniels testified before Congress that “a Navy, no matter how powerful, unless it is well manned by an adequate number of well-equipped and well trained Sailors, would have very little value.” That statement is even more true today. Our Total Force of active duty and reserve military, and civilians are what make the Navy and Marine Corps the best in the world.

Our equipment – the ships, submarines, aircraft, vehicles, weapons and cyber systems; everything that our Sailors and Marines operate – are technological marvels and the most advanced in the world. But they only exist thanks to those who design, build and procure them. And they would be useless without those who sail and fly and operate them. The people are the real marvel. They are what gives the United States the edge and what sets us apart from the world. And that is why our people have been and must continue to be our highest priority. However, the last few years have seen increasing challenges to our people, uniform and civilian.

Those in uniform have seen ever lengthening deployments. The average number of days that ships are underway or deployed increased 15% since 2001. In 2013 the USS DWIGHT D. EISENHOWER Strike Group returned from back-to-back deployments, totaling 12 months, with only a two-month break in between. USS NIMITZ, which returned home just before Christmas, was extended twice because of the crisis in Syria and was deployed for ten months. Instead of six month deployments, which had been standard for decades, eight months at sea is the new normal and ten months is becoming more common. These extended deployments, which immediately follow an intense training cycle requiring recurring operations at sea, stress our Sailors and Marines and their families. This will continue because the requirement for naval presence will not diminish.

Our civilian personnel have been tested as well. We literally could not put our fleet to sea without these committed and courageous individuals. The horrific attack at the Washington Navy Yard in September cost the lives of twelve devoted public servants left two physically injured and intangible scars across our workforce. Just days later, as soon as they were permitted, most of their colleagues on the Navy Yard returned to work, committed to their mission despite three years in which they received no pay raises and were subject to furloughs. Two weeks after the shooting our Navy and Marine Corps civilians, including many who worked

at the Navy Yard but were not part of Naval Sea Systems Command or Naval Facilities Engineering Command, were forced off the job again by the government shutdown.

A concrete demonstration of our support for our Sailors, Marines, and civilians are their pay and benefits. Military pay and benefits continue at a competitive level, and in some skill areas are better than those found in the private sector. The promise of a military retirement is a key element of the covenant we have with the men and women who serve our country for an entire career. We must safeguard that promise for today's Sailors and Marines. However, we also have to realize that the growth rate in military compensation must be controlled. Our Sailors and Marines chose to serve their country out of duty and patriotism, not just for the money. We must ensure that we support our active duty personnel by giving them the resources and tools they need to do their jobs, as well as their well-earned compensation.

We support the sensible and fair reforms to compensation and benefits introduced in the President's budget. We look forward to considering the complete review being conducted by the Military Compensation and Retirement Modernization Commission. We must have a holistic approach which ensures that any changes are reasonable, effective, and fair in sustaining the All-Volunteer Force.

Today's demanding environment will require the most resilient force that our Navy and Marine Corps has ever fielded. Because of that we continue to develop the 21st Century Sailor and Marine Initiative as an overarching method of supporting our people, to eliminate stovepipes and ensure a comprehensive approach. The goal is to help our Sailors and Marines maximize their personal and professional readiness, and to assist them and their families with the mental, physical and emotional challenges of military service.

The initiative is influencing Sailors and Marines around the world. In particular, we are working to counter the challenges of suicide, sexual assault and alcohol-related incidents. These tragic occurrences not only impact the resilience of our Sailors and Marines, they also directly impact the discipline of the force and degrade combat effectiveness.

We remain resolute in our efforts to minimize suicides and we are striving to understand the root causes and contributing factors that lead to suicide and suicide-related behavior. We want an environment in which Sailors and Marines are comfortable coming forward when they feel they may harm themselves, or when they know of a shipmate contemplating harm. Over the past few years we have introduced a number of initiatives including the Navy Operational Stress Control (OSC) Program to help build personal resilience, promote peer-to-peer support, enhance family support, and enable intervention up and down the chain of command. We have also added additional Mobile Training Teams who travel to units around the world to teach these skills and foster a sense of community. Our suicide prevention teams examine each incident for insights and data to inform our programs and we apply those lessons to help improve our training and policy.

Sexual assault continues to be an “insider threat” with serious impacts on the Navy and Marine Corps. Because of the seriousness of this issue, soon after taking office I established the first and only Sexual Assault Prevention and Response Office reporting directly to me as Secretary. We have implemented numerous programs to strengthen our approach, including consistent leadership, new training methods, and victim-centered support efforts. Reporting of sexual assaults increased in FY13, which we believe reflects a positive aspect of our efforts. It indicates that our Sailors and Marines believe that their reports will be taken seriously and that perpetrators will be held accountable.

Another key element is our effort to strengthen the expertise and increase the resources of the Naval Criminal Investigative Service and our Judge Advocates to investigate and prosecute sexual criminals. We have also focused some of their training on advocating for victims. We continue to conduct regular voluntary anonymous surveys in order to learn as much as possible about perceptions and the factors influencing decisions to report or not report sexual assaults

We continue to work to curb alcohol abuse and reduce the number of alcohol-related incidents which can end lives and careers. There has been a downward trend in alcohol related incidents which continued in 2013 as we saw yet another reduction in cases of DUI and alcohol related behavior. We attribute this in part to dynamic media and education campaigns and directed-actions for irresponsible use of alcohol. We have also instituted limits to the shelf space available for the sale of alcohol at Navy and Marine Corps Exchanges. Implementation of the alcohol detection device program is still relatively new but fleet feedback suggests these devices, paired with an effective command prevention program which includes things like curfews and base patrols, provide an effective deterrent to alcohol abuse.

Another positive development in 2013 was the significant strides the Navy made toward our goal of complete equality of opportunity for women in every officer designator and enlisted rating. Female officers and enlisted currently serve on virtually every class of surface ship and in every type of aviation squadron. Female officers now serve as well in our Submarine Force and the Task Force on Enlisted Women in Submarines continues to develop details for full Submarine Force integration. The Navy is opening 252 enlisted and 15 officer billets to women in the Coastal Riverine Force. The sole remaining area in the Navy not yet open to women is Navy Special Warfare. However, once assessments are complete and Congress has been notified, assigning women in that area will be in accordance with the U.S. Special Operations Command implementation plan.

The Marine Corps continues to implement its plan to open closed positions to women. All positions currently closed will either be opened to women or an exception to policy requested from the Secretary of Defense by January of 2016. Since the 2011 NDAA the Marine Corps has opened 463 positions in 22 units in the Ground Combat Element to female officers and staff non-commissioned officers with open occupational specialties. Female officers and female enlisted Marines have been given the opportunity to volunteer for the training in Infantry Officer School or the Infantry Training Battalion as part of the research effort to inform decisions to open currently closed positions to women.

Platforms – Building the Future Fleet

The Marines, Sailors and civilians are the heart of our force, but what enables them to do their job are the ships, submarines, and aircraft in our fleet. As I noted earlier, we have the most advanced platforms in the world and we must constantly work to maintain that technological advantage. However, at a certain point quantity has a quality all its own.

The very nature of the Navy and Marine Corps mission, maintaining a global presence and positioning forces to respond immediately to emergent threats from man or nature, means that there is not much difference in our operations in times of war or peace. And the updated Defense Strategic Guidance and Quadrennial Defense Review clearly rely even more on maritime assets in our national security strategy.

It is important to understand how we got to our current fleet size. On 9/11, the fleet stood at 316 ships. By 2008, after one of the largest military buildups in American history, that number had dropped to 278 ships. In the four years before I took office as Secretary, the Navy put 19 ships under contract. Since I took office in May of 2009, we have put 60 ships under contract and by 2019 our current plan will enable us to return the fleet to 300 ships.

Some of the Navy's decline in the number of ships may be attributed to our understandable focus on ground forces involved in two major wars for more than a decade. But when I took office, I found it necessary to significantly revamp our basic management and oversight practices as well.

When I took office, many of the Navy's shipbuilding programs were seriously troubled, with costs spiraling out of control and schedules slipping. There were some fundamental flaws in the acquisition process we were using. Ships were still being designed while under construction, immature technology was added before being proven, and requirements grew without restraint or realistic price forecasts. One of the central problems the Navy faced was a lack of competition in the system. With a smaller number of shipbuilders, Navy contracts had begun to be treated like allocations, rather than competitions to earn our business.

In the past five years we have turned shipbuilding around by promoting acquisition excellence and integrity as well as aggressive oversight. We have been rebuilding the Department's core of acquisition professionals. Our focus is on everything from requirements, to design, to construction efficiency, to projected total life cycle costs. We emphasized firm, fixed-price contracts over the cost-plus contracts that can inflate costs. We introduced initiatives to spend smarter and more efficiently through competition, multi-year buys, and driving harder bargains for taxpayer dollars. I have made it clear to industry that Navy expects three things. A learning curve should be evident so each ship of the same type, whose design had not dramatically changed, would take fewer man-hours to build and should cost less than previous ships. Second, costs have to be scrubbed relentlessly with total visibility for Navy in estimates and bids. Third, appropriate investments in both infrastructure and workforce training must be made and are a shipbuilder's responsibility.

But along with those harder bargains and expectations I made a commitment to our industry partners that the Department will do three things to keep up our end of the relationship. First, we must build stable designs without major changes during construction. Second, if a new advanced technology comes along after construction has started; it must wait until the next block of ships. Finally, we will offer a realistic shipbuilding plan so that the number, type, and timing of building would be transparent and offer some stability to the industry.

In today's fiscal environment maintaining and increasing the fleet size will require sound management, innovative solutions, and continuing to seek out efficiency in our acquisition system. Navy shipbuilding is a unique public-private partnership; a key economic engine touching all but one of the 50 states that provides over 100,000 high-skilled, high-paying jobs and the basis for the global prosperity and security that naval presence has assured since World War II.

The FY15 Shipbuilding Plan projects that we will reach 300 ships by the end of the decade. This plan maintains a force that is balanced and flexible and focuses on critical technologies. It is designed to be able to prevail in 21st century combat situations, including anti-access, area-denial environments, and to be operationally effective and resilient against cyber attacks. In 2013 we awarded two ARLEIGH BURKE class destroyers (DDG's) and contracted for seven more, which will be built over the next several years through a multi-year procurement contract. In total in '13 we delivered seven new vessels to the fleet. We deeply appreciate the support of this committee and will work with you in order to build and maintain the fleet needed to address our global requirements and responsibilities.

2013 saw a number of significant milestones for our new platforms and our research and development programs. Our interim Afloat Forward Staging Base (AFSB) USS PONCE continued to develop operating concepts for future AFSB's and Mobile Landing Platforms (MLPs). The next generation destroyer USS ZUMWALT (DDG-1000) and the MLP USNS MONTFORD POINT were launched. The first P-8 *Poseidon* maritime patrol aircraft deployed to the Pacific and the Navy and Marine Corps established their first F-35 *Lightning II* squadrons. The Air and Missile Defense Radar (AMDR) began development. The Standard Missile 6 (SM-6) was introduced to the fleet. None of these programs would be possible without your continued support.

The deployment of Littoral Combat Ship (LCS) USS FREEDOM to the Pacific is an important milestone in the LCS Program. The deployment tested the ship and its key operating concepts, overcame first-in-class challenges, and provided the Navy with lessons learned and ways to improve the program. The rotational forward deployment of the ship with our friends in Singapore was an unqualified success. In addition to contributing to relief efforts for Typhoon HAIYAN, the ship also conducted a very successful crew-swap, teaching us a great deal about the LCS' new and innovative manning and deployment concepts.

Our aviation and weapons programs are just as important to our ability to project power and provide presence as our shipbuilding. In May Admiral Greenert and I stood on the deck of USS

GEORGE H. W. BUSH and watched the landing of the X-47B unmanned carrier demonstrator. It was an historic moment in naval aviation, and a critical step forward in the development of our naval unmanned systems. We are pushing ahead with the Unmanned Carrier Launched Airborne Surveillance and Strike system (UCLASS) to develop an aircraft capable of multiple missions and functions, including precision strike in a contested environment. Support for this aircraft is vital for shaping the carrier air-wing for the challenges of the 21st century. To enhance our combat effectiveness and efficiency, these unmanned systems need to be integrated into everything we do across the full range of military operations.

The at-sea testing of a directed energy weapon system was also an important development. These new systems can give the Navy an affordable, multi-mission weapon with a deep magazine and unmatched precision. Their modular nature will allow them to be installed on numerous different classes of ships in the future. We intend to deploy the system on the USS PONCE to continue testing and inform follow on Navy and DoD research into developing and integrating affordable directed energy weapons into the Joint Force.

During difficult fiscal times it may be tempting to target research and development programs for savings. However, that kind of thinking is short sighted. These programs, and our entire research and development establishment from the Office of Naval Research to Navy labs to our industry partners, are vital to our future.

Power – A National Security Issue

Power and energy are central to our naval forces and our ability to be in the right place, around the world. It is what we need to get them there and keep them there. The Navy has a long, proud history of energy innovation. From sail to coal to oil to nuclear, and now to alternative fuels, the Navy has led the way.

Energy is a national security issue and can be, and is, used as a geostrategic weapon. Even with domestic oil production up, imports declining, and new oil and gas reserves being discovered, energy is still a security concern and military vulnerability. One reason for this is that oil is the ultimate global commodity, often traded on speculation and rumor. In the aftermath of the chemical weapons attack in Syria, oil prices surged to over \$107 per barrel and remained there for weeks, in what oil traders call a “security premium.” This same scenario plays out, such as during the crises in Egypt and Libya, and every time instability arises. Each \$1 increase in the price of a barrel of oil results in a \$30 million bill for the Navy and Marine Corps. This has huge implications across the Department of Defense and for our security. DOD is the largest single institutional consumer of fossil fuels on earth and budgets about \$15 billion each year on fuel. But in fiscal years 2011 and 2012 price spikes added another \$3 billion to the DOD fuel bill. The potential bills from that “security premium” can mean that we will have fewer resources for maintenance and training. But more importantly, the cost of meeting our high fuel demand can also be measured in the lives of Marines killed or wounded guarding fuel convoys. During the height of operations in Afghanistan, we were losing one Marine, killed or wounded, for every 50 convoys transporting fuel into theater. That is far too high a price to pay.

In 2009, I announced five energy goals for the Department of the Navy in order to improve our energy security, increase our strategic independence, and improve our warfighting capabilities. The topline goal commits the Department of the Navy to generate one-half of its energy needs from non-fossil fueled sources by 2020. We are making real progress toward that goal through greater energy efficiency and alternative fuel initiatives. Burning cleaner fuel, or burning less fuel, is better for the environment but that is not our primary incentive. We're pursuing these alternatives because they can make us better warfighters.

Under a Presidential Directive, the Department of the Navy is working with the Departments of Energy and Agriculture to help promote a national biofuel industry. This past year, under the authority in Title III of the Defense Production Act (DPA), we took an important step forward, with a DoD DPA award to four companies which committed to produce 160 million gallons of drop-in, military-compatible biofuels each year at an average price of well below \$4.00 per gallon, a price that is competitive with what we are paying today for conventional fuels. DOD policy and my prior commitment has been that we will only buy operational quantities of biofuels when they are cost competitive. This initiative moves us far down that road. At full production, biofuels combined with conventional fuel at a 50/50 blend hold the promise of being able to cost-effectively provide our fleet with much of its annual fuel demand, providing real competition in the liquid fuels market.

We also continue to develop our energy efficiency through research and development of more efficient propulsion systems, shore-based power management and smart-grid technology, and conservation measures. For example, in the past year the Naval Facilities Engineering Command's Engineering and Expeditionary Warfare Center provided technology demonstrators at Camp Lemonnier, Djibouti which reduced fuel consumption nine percent base wide, even with a three percent increase in energy demand because of an increased population. At Joint Base Pearl Harbor Hickam a \$2.2 million contract for the Daylight Project was awarded, which will use sunlight to light warehouse spaces and utilize photo sensors to automatically turn off lights when daylight levels are sufficient. In aggregate, FY13 energy programs in Hawaii are projected to save the government \$4.7 million a year. The Marine Corps' development of expeditionary power solutions, through the Experimental Forward Operating Bases or ExFOB, has made them better warriors who are lighter and more agile in the face of today's global threats.

The Navy has a long and successful history of partnering with industry to promote business sectors and products important to our nation's military and economic security. From the development of the American steel industry to nuclear power, the Navy has helped the country develop economically while helping Sailors benefit from the cutting edge of technology to defend our nation. These programs are about diversifying fuel supplies, stabilizing fuel costs and reducing overall energy needs. In achieving these energy goals, we will maximize our reach and maintain our global presence and make our Navy and Marine Corps more combat capable.

Partnerships – The Global Maritime World

For the last seven decades American naval forces have deployed around the world to be, as President Obama said this past year, the anchor of global security. We operate and exercise

alongside our friends and partners around the world, to maintain the stability of the global maritime commons. We work to uphold the key principles of free trade in free markets based on freedom of navigation, which underwrites the unprecedented growth of the global economy.

In times of economic uncertainty it is more critical than ever to protect the stability of the global system. As 90 percent of worldwide trade moves at sea, this system, and the sophisticated set of international rules and treaties on which it is based, has become central to our global marketplace. However the efficiency and intricate interdependencies of a “just in time” economy place the system at risk from the destabilizing influences of rogue nations, non-state actors, and regional conflicts.

The Navy and Marine Corps, by nature of their forward presence and the boundless quality of the world’s oceans, are naturally suited to develop relationships, particularly in the innovative, small footprint ways the updated Defense Strategic Guidance and QDR require. Helping international partners increase their abilities and become more interoperable with us helps us all. Allies and partners around the world recognize that our combined naval forces offer a unique and critical capability. As an Asian Ambassador to the United States recently remarked to me, the competing claims in the Pacific today have reminded some of our friends of the vital role U.S. naval forces play in global stability.

Providing security for free trade and freedom of navigation across the maritime domain requires more capacity than any single nation can muster. The United States Navy plays a principal role in maintaining the freedom of the seas, but it cannot play an exclusive role. Partnerships between like-minded nations, collaborating to ensure security and safety at sea, distribute the burden based on alliances, shared values and mutual trust.

A recent Naval History and Heritage Command study titled “You Cannot Surge Trust” has reinforced the fact that partnership and trust do not appear overnight. Naval operations, in peace and war, are fundamentally human endeavors. Operational success is based as much, or more, on professional norms, personal relationships and human decision making as on technology or hardware. Partnerships are a critical naval endeavor.

In the past year, we continued to develop the strength of our partnerships across the globe. Engagement between the leaders of the world’s naval forces is a critical component of building those human connections. Because of this, our senior uniformed leaders and I have traveled extensively to meet and consult with our peers.

Many nations have a longstanding territorial view inward, which caused them to focus overwhelmingly on land forces in the past. But in today’s globalized world they recognize that they now have to face outward. They are looking to the U.S. Navy and Marine Corps for advice and assistance as they make that shift. Other nations are already maritime focused, and look to develop the ability to train, exercise, and operate together effectively to forward our shared goals. Through our meetings between senior leaders and exercises with our allies, partners, and

friends we are building the international relationships, trust, and inter-operability which are vital to protecting our common interests in a globalized world.

In 2013 we conducted the largest exercise of the year in the Arabian Gulf, the International Mine Countermeasures Exercise (IMCMEX). With representatives from 41 countries, including 6,600 sailors on 35 ships, the world's navies cooperated to help promote regional stability and address the global challenge of mine warfare. Also this past year, Expeditionary Strike Group 3 and the 1st Marine Expeditionary Brigade conducted the multilateral amphibious exercise Dawn Blitz. Alongside amphibious units from Canada, New Zealand, and Japan, and observers from Australia, Chile, Colombia, Israel, Mexico, Peru and Singapore, the exercise helped increase our core amphibious capabilities, while also strengthening our partnership and interoperability. As I mentioned earlier our partners in Singapore hosted the first forward stationing of the Littoral Combat Ship USS FREEDOM. The ship conducted numerous exercises with our friends in Southeast Asia, expanding the number of ports we can visit and work from in the littorals.

Some of our exercises are smaller and more focused, like Obangame Express 2013 which occurred this past spring in the Gulf of Guinea. It concentrated on developing the maritime security and patrol capabilities of local forces in West and Central Africa that have seen increasing armed robbery at sea, piracy, smuggling and other maritime crimes. In part of this exercise a team of U.S. Sailors who specialize in maritime security missions worked on board the Belgian Naval Ship GODETIA with our European allies, to train African sailors in the tactics for boarding and inspecting ships.

These are just a few examples of literally hundreds of operations, engagements, and exercises that the Navy and Marine Corps participated in during the past year. However, we also had a challenge in 2013 when it came to funding our operational, partnership and theater security cooperation missions. The Navy was forced to cancel or defer ship deployments supporting counter-narcotics missions in the Southern Command area of operations. Some exercises, including some in support of the Southern Partnership Station in Central and South America, had to be scaled back significantly because the sequester level funds did not provide us with the operating budget we needed to complete the missions. Future funding at sequester levels is likely to force us to continue to limit and prioritize our critical partnership building operations.

But our partnerships mean a great deal more than our alliances and friendships around the world. The Navy and Marine Corps also have critical relationships with industry and with the American people. Our nation's defense industrial workers are skilled, experienced, and innovative and can't be easily replaced. We must provide stability and predictability to the industrial base to maintain our ability to build the future fleet and keep our technological advantage. One of the strengths of our system is the teamwork of our uniformed warfighters, our Navy and Marine Corps civilians, the leadership team in Washington, and our industry partners.

Recently, the Chief of a Navy in the Asia-Pacific region reminded me of a fundamental difference between land forces and naval forces. Land forces, he said, look down at a map. They look at borders and lines and limitations. Naval forces look out toward the vast horizon

and they look to the future. Sailors and Marines are a unique breed. When they join the sea services they accept the challenge of the unknown with an adventurous spirit and an open mind. That is part of why the Navy and Marine Corps are naturally inclined toward partnership, and have been throughout our history, from operating with the Royal Navy to fight the slave trade in the 19th century to modern coalition operations in the Pacific and the Arabian Gulf. That same spirit which causes us to look for what comes next also causes us to look for new and innovative solutions, and new friends to help us across the globe.

FY15 Budget Submission

The Department of the Navy's FY15 budget request is designed to meet the updated Defense Strategic Guidance, and is informed by the 2014 Quadrennial Defense Review. It meets the objectives the strategy laid out, but our fiscal limits force us to accept a certain amount of risk in some mission areas. The Navy and Marine Corps continue to focus on planning for the 21st century including preparing for the anti-access, area-denial challenge, sustaining our global capability by increasing forward stationing and implementing new deployment models, and sustaining the All-Volunteer Force. Based on our strategic outlook we have had to make tough choices, and look to fund the most critical afloat and ashore readiness requirements, continue to provide sovereign sea-based options for the Commander-in-Chief, and to sustain our vital industrial base.

PB15 continues to build the fleet of more than 300 ships we will have by the end of this decade. This fleet will include established and proven platforms which we are currently deploying, next generation platforms, and new advanced weapons, sensors, and payloads. Guided by operational concepts like Air Sea Battle, the experiences of more than ten years of war, and the lessons from our war-gaming and studies, the Navy and Marine Corps of 2020 will be able to continue to project power and to maintain stability in the global commons.

Supporting our Sailors and Marines is a vital part of our budget request. We have increased spending on high priority Quality of Service programs, including increased career sea pay to help incentivize sea duty. We have also modestly increased spending on Quality of Life programs including on-base housing. But these initiatives must be balanced to ensure our Sailors and Marines have the resources and equipment they need to complete the mission. Across the FYDP we will add funds to improve Quality of Work issues like training support and improving the availability of spare parts so our Sailors and Marines remain the most knowledgeable in the world and have the tools they need to do their jobs. We protect programs that support our Sailors or Marines when they need help. This includes sexual assault incident response and training, suicide prevention, and family support programs. We remain committed to our military-to-civilian transition assistance and work to ensure that our veteran employment programs offer the best opportunities to capitalized on the knowledge and skills of transitioning Sailors and Marines.

Maintaining undersea dominance is vital to the U.S. Navy. The development of the Virginia Payload Module (VPM) will be critical when our guided missile submarines (SSGNs) begin to retire in 2026. We must develop the VPM by funding R&D through FY18, so that we can

introduce the modules into the very successful VIRGINIA class submarines, thus assuring that we will not lose capability as the SSGNs retire. This budget also funds the development of improved sonar processors, improved sonobuoys, and improved torpedoes to help ensure that we maintain our core undersea advantage.

Continued production of proven platforms for the fleet is a key element in this budget and across the Future Years Defense Plan (FYDP). We will continue to build two VIRGINIA Class submarines and two ARLEIGH BURKE Class destroyers per year in order to help increase the size of the fleet and replace older ships as they retire. In FY15 we will purchase 29 MH-60R and 8 MH-60S helicopters, completing the upgrade of our tactical helicopter force which has been underway for the past decade. We will also continue the procurement of the next generation E-2D airborne early warning aircraft and of the MV-22B for the Marine Corps. These established and world leading platforms provide the foundation of the future fleet.

This budget also procures new and advanced platforms that will take our fleet into the future. We will build LCSs and AFSB, and continue to introduce Joint High Speed Vessels (JHSV) and MLPs to the fleet. This will provide modular and mission focused capabilities around the world, while helping to meet the presence requirements of the fleet. In aviation we will continue production of the new P-8 *Poseidon* maritime patrol aircraft across the FYDP, deploying new squadrons, as well as the F-35 *Lightning II* for both the Navy and Marine Corps. We will continue the introduction of the next generation SM-6 Standard Missile to our AEGIS capable ships, and fund the R&D for the Long Range Anti-Ship Missile (LRASM) which is vital for our future surface combatants. However, it is important to point out that given the reality of the \$38 billion reduction from PB14 to PB15, many of these purchases will be made at reduced rates. PB15 buys 111 fewer aircraft and over 5000 fewer weapons across the FYDP than the PB14 program. This is part of the increased risk that we have had to accept.

Unmanned platforms and systems will be an important part of the future Navy and Marine Corps and our budget carries on with R&D and production of these critical platforms. The MQ-4 *Triton* will complete its testing phase during this budget, and we will begin production for the fleet across the rest of the FYDP. The R&D for UCLASS also continues in FY15, and throughout the FYDP. Developing these aircraft is vital to the future of the carrier air-wing. Unmanned Undersea Vehicles (UUVs) will be central to our mine-warfare capabilities and maintaining undersea dominance. This budget includes R&D for multiple systems, as well as deployment of the Mk 18 *Kingfisher* UUV for counter-mine missions. Across the entire spectrum of military operations, an integrated force of manned and unmanned platforms is the future.

We will continue to fund our energy programs with this budget by moving forward with the biofuels program under the DPA, as well as continuing our sea and shore based efficiency programs. This budget includes \$776 million in tactical and ashore energy programs in FY15, and \$3.8 billion across the FYDP. Our ashore initiatives, including appropriated funds and third party investments, of \$570 million in FY15 are projected to generate annual savings of over \$100 million dollars, starting in FY17, due to efficiencies. Investments in tactical programs help

increase our on station time for ships, reduce need for resupply, and increase the amount of time our Marine Corps units can stay in the field, making us more capable militarily. Continuing to work toward the Department's energy goals will allow us to lessen the impact of price volatility in the energy market and make us better warfighters.

This budget includes funds to maintain our presence in the Middle East, and advance our capabilities there. Funding for the continued deployment of the Interim-AFSB USS PONCE, improved manning for our mine-countermeasures ships, and the introduction of new capabilities, are important parts of this effort. The new weapons and systems, like the Laser Weapon System (LaWS) aboard PONCE, the Advanced Precision Kill Weapon System (APKWS) guided rockets for our MH-60 helicopters, and the *Sea Fox* UUV mine neutralization system, will help our Sailors and Marines maintain their edge in the Arabian Gulf and beyond. We are also funding the forward stationing of ten Coastal Patrol ships (PCs) to Bahrain which will increase their availability to the combatant commander and increased presence in the shallow waters of the region.

PB 15 also represents the platforms and payloads necessary for increasing operations in the Asia-Pacific region as we continue to support the rebalance toward Asia. This budget sustains the operations of our LCS's in Singapore, which includes early investment for the rotational deployment of up to four LCS's by 2017. Exercises in the Pacific, like our CARAT and Pacific Partnership missions, will be funded to ensure that we maintain our partnerships in the region. We also continue to support the growth in the number of Marines who are rotating through Darwin, Australia. This year we are expanding from a Company sized unit to a Battalion, and in the coming years we will continue to expand to a Marine Air Ground Task Force (MAGTF).

In our FY15 budget we include funding to support the movement of more of our ships and units forward as the most effective and cost-efficient means of maintaining our global presence. Forward based, stationed, or operating ships all provide presence at a significantly lower cost since one ship that operates continuously overseas provides the same presence as about four ships deploying rotationally from homeports in the United States. Besides the PC's to Bahrain and the LCS's to Singapore, we continue to fund the forward basing of four BMD capable DDG's to Rota, Spain. As the DDG's from Rota patrol European and African waters, we free other ships to deploy elsewhere. This year we will also begin moving JHSV's forward and prepare for the fleet introduction of the MLPs and AFSBs. We will continue the operations of, and expand the size of, the Marine Corps' new Special Purpose MAGTF-Crisis Response operating out of Moron, Spain.

It is our duty to spend the tax-payers' dollars wisely, and it is a duty that we take very seriously in the Department of the Navy. We continue to look at contractual services spending for efficiencies, with conscious decisions made to challenge requirements through mechanisms such as "contract courts," requiring annual justification of contracts. We are willing to accept higher levels of risk in some areas of services spending before sacrifices are made in force structure, modernization, or readiness. I have also ordered the Deputy Under Secretary of the

Navy/Deputy Chief Management Officer to begin a comprehensive assessment of the business challenges facing the Navy and Marine Corps.

The FY15 budget request for the Navy and Marine Corps gives us what we need to accomplish the missions assigned in the new Quadrennial Defense Review and updated Defense Strategic Guidance. However, the funding levels allowed under the Bipartisan Budget Act mean that we have to accept higher levels of risk for some of those missions. If the nation is confronted with a technologically advanced challenger, or more than one major contingency operation at a time, those risks would increase further. We face readiness challenges that are a result of sequester induced shortfalls, continuing fiscal constraints, and the high demand for naval forces globally.

Conclusion

This year we commemorate the 150th anniversary of the Battle of Mobile Bay. A century and a half ago our nation was engulfed in the Civil War. A Task Force under the command of Admiral David Farragut, one of our Navy's greatest heroes, attacked the ships and forts that defended the port at Mobile, Alabama. Facing down Confederate Ironclads and a treacherous minefield in the shallow, enclosed waters, he issued his famous order, "Damn the Torpedoes, full speed ahead." Lashed high in the rigging of his flagship he led the attack from the front of the formation to capture the last major Confederate port on the Gulf Coast.

From the halls of Montezuma to Point Luck and the waters around Midway, our Sailors and Marines have demonstrate that kind of dedication and daring time and again. They, and our Navy and Marine Corps civilians, continue in that spirit today whether facing combat in Afghanistan, dangerous operations at sea, or the challenges created by the past year of budget instability. The budget request that we are making for FY15, the specific details of which are included in the President's FY15 budget submission, will provide them with the equipment, training, and resources they need to continue their efforts in support of our nation's security. As our founding fathers outlined over two centuries ago, it is our responsibility to ensure that we maintain our Navy and Marine Corps.

Today we face a dangerous and challenging world. Rising powers and maritime territorial conflicts threaten freedom of navigation and the free trade of today's global economic system. Terrorist organizations continue to proliferate around the world. Political instability threatens to break into violence in numerous regions. The Navy and Marine Corps are our nation's insurance policy. Our People, Platforms, Power and Partnerships must be efficiently developed and appropriately funded to ensure our ability to provide the President with the options required and the American people with the security they deserve.

For 238 years our Sailors and Marines have been there when the nation called and we must endeavor to ensure that we are there for the future. Difficult times pose difficult questions, and the Commandant, CNO and I look forward to answering yours. The continued support of this committee is essential in ensuring the Navy and Marine Corps team has the resources it needs to defend our nation now and in the future. As President Woodrow Wilson once said, "A powerful Navy, we have always regarded as our proper and natural means of defense."

SUMMARY STATEMENT OF ADMIRAL GREENERT

Mr. FRELINGHUYSEN. Admiral Greenert, good morning and thank you for being with us.

Admiral GREENERT. Thank you, Chairman Frelinghuysen, and Ranking Member Visclosky, distinguished members of the committee.

I am proud to represent 633,000 sailors, Navy civilians and their families, especially the 50,000 sailors deployed and operating forward around the globe today.

The dedication and resilience of our people continue to amaze me, Mr. Chairman, and the citizens of this Nation can take great pride in the daily contributions of their sons and daughters in places that count.

I, too, like Secretary Mabus just past, would like to offer my condolences to the family and the friends and the shipmates of the sailor killed in last night's shooting.

The sailors, particularly those of the USS MAHAN, are in our thoughts and prayers today, as well as the entire Norfolk Naval Station family.

Mr. Chairman, it is an honor to testify today for the first time under your leadership of the committee. And I am also, as Secretary Mabus said, proud to appear this morning beside him and General Amos.

Your Navy and Marine Corps team is united in fulfilling our longstanding mandate to be where it matters when it matters and to be ready to respond to crises to assure that the stability that underpins the global economy is in place.

General Amos has been a great shipmate. Our services' synergy of effort has never been better, and I am committed to continuing that momentum.

Secretary Mabus has provided us the vision, the guidance, and the judiciousness to build the finest Navy and Marine Corps that this Nation is willing to afford.

Mr. Chairman, forward presence is our mandate. We operate forward to give the President options to deal promptly with contingencies.

As we conclude over a decade of wars and bring our ground forces home from extended stability operations, your naval forces will remain on watch.

The chartlet that I provided in front of you which has the Navy today shows the global distribution of the deployed forces as well as our bases and our places that support them.

Our efforts are focused in the Asia-Pacific and the Arabian Gulf, but we provide presence and respond as needed in other theaters as well.

Now, with this forward presence, over the last year we were able to influence and shape decisions of leaders in the Arabian Gulf and in Northeast Asia.

We patrolled off the shores of Libya, Egypt and Sudan to protect American interests and to induce regional leaders to make the right choices.

We relieved suffering and provided assistance and recovery in the Philippines in the wake of a devastating typhoon. Our presence

dissuades aggression and coercion against our allies and friends in the East and the South China Seas.

We kept piracy at bay in the Horn of Africa, and we continued to support operations in Afghanistan while taking the fight to insurgents, terrorists and their supporting networks across the Middle East and Africa with our expeditionary and Special Operations forces.

The 2014 budget will enable us an acceptable forward presence. Through the remainder of fiscal year 2014, we will be able to restore fleet training, maintenance and operations and recover a substantial part of the 2013 backlog caused by that tough year, and I thank this committee for its support.

The President's 2015 budget submission enables us to continue to execute these missions, but we will face high risk in specific missions, those that are articulated in the defense strategic guidance. And I have laid that out in my written statement to you.

Our fiscal guidance for the FYDP—that is the future year defense plan—for the President's budget 2015 is about halfway between the Budget Control Act caps and our PRESBUD 2014 plan. That represents a net decrease of \$31 billion versus PRESBUD 2014.

So to prepare our program within these constraints, I set the following six priorities: Number one, a sea-based strategic deterrence; number two, forward presence; number three, the capability and capacity to win decisively; four is readiness; five, asymmetric capabilities and maintaining technological edge; and, six, as you articulated, sustaining the relevant industrial base.

Using these priorities, we build a balanced portfolio of capabilities within the fiscal guidance provided. We continue to maximize our presence in the Asia-Pacific and the Middle East using innovative combinations of rotational, forward basing and forward stationing forces.

We still face shortfalls in support ashore and a backlog in facilities maintenance that will erode the ability of our bases to support the fleet.

We have slowed modernization in areas that are central to remain ahead of or keep pace with technologically advanced adversaries.

Consequently, we face higher risks if confronted with a high-tech adversary or if we attempt to conduct more than one multi-phased major contingency simultaneously.

I am troubled by the prospects of reverting to Budget Control Act revised caps in 2016. That would lead to a Navy that is just too small and lacking the advanced capabilities needed to execute the missions that the Nation faces and that it expects of its Navy.

We would be unable to execute at least 4 of the 10 primary missions articulated in the defense strategic guidance in the Quadrennial Defense Review if we reverted to those caps.

Looking at the back of the chartlet that I provided you, you can see our ability to respond to contingencies and that they would be dramatically reduced, limiting our options and our decision space, and we would be compelled to inactivate an aircraft carrier and an air wing.

Further, as you can see there, our modernization and our recapitalization would be dramatically reduced, threatening the readiness and threatening our industrial base.

Reverting to the BCA caps year by year will leave our country less prepared to deal with crises, our allies' trust will wane, and our enemies will be less inclined to be dissuaded or to be deterred.

Mr. Chairman, I remain on board with the efforts to get the fiscal house in order. I look forward to working with this committee to find solutions that enable us to sustain readiness while building an affordable, but a relevant, future force. This force has to be able to address a range of threats, contingencies and high-consequence events that could impact our core interests.

I appreciate the opportunity to testify today. Thank you for your continued support and this committee's continued support. I look forward to the questions.

Mr. FRELINGHUYSEN. Thank you, Admiral Greenert.

[The written statement of Admiral Greenert follows:]

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SUBCOMMITTEE ON DEFENSE
HOUSE COMMITTEE ON APPROPRIATIONS

**STATEMENT OF
ADMIRAL JONATHAN GREENERT**

**U.S. NAVY
CHIEF OF NAVAL OPERATIONS**

BEFORE THE

**SUBCOMMITTEE ON DEFENSE
HOUSE COMMITTEE ON APPROPRIATIONS**

ON

FY 2015 DEPARTMENT OF THE NAVY POSTURE

25 MARCH 2014

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
SUBCOMMITTEE ON DEFENSE
HOUSE COMMITTEE ON APPROPRIATIONS

Chairman Frelinghuysen, Ranking Member Visclosky, and distinguished members of the Committee, I am honored to represent more than 600,000 active and reserve Sailors, Navy Civilians, and their Families, especially the 48,000 Sailors who are underway on ships and submarines and deployed in expeditionary roles, around the globe today.

As the chartlet below shows, 104 ships (36% of the Navy) are deployed around the globe protecting the nation's interests. This is our mandate: to be where it matters, when it matters.

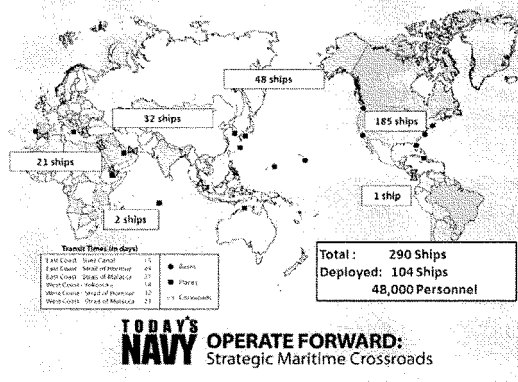


Figure 1: The Navy's forward presence today.

I would like to begin this statement by describing for you the guidance that shaped our decisions within the President's Budget for FY 2015 (PB-15) submission. I will address the Navy's situation following the budget uncertainty in FY 2013, the Bipartisan Budget Act of 2013 (BBA), and the National Defense Authorization Act (NDAA) for FY 2014. Then, I will provide details of our PB-15 submission.

Strategic Guidance

The governing document for PB-15 is the 2014 *Quadrennial Defense Review* (QDR). The QDR uses the 2012 *Defense Strategic Guidance* (DSG) as a foundation and builds on it to describe the Department of Defense's role in protecting and advancing US interests and sustaining American leadership. The DSG and its ten *Primary Missions of the US Armed Forces* have guided Navy's planning for the past two years. Validated by the QDR, those missions remain the baseline against which I measure our posture in various fiscal scenarios. Also, 2020 is the benchmark year identified by the DSG, and that remains the timeframe on which my assessments are focused.

The QDR's updated strategy is built on three pillars: *Protect the Homeland, Build Security Globally*, and *Project Power and Win Decisively*. In support of these, it requires the Navy to "continue to build a future fleet that is able to deliver the required presence and capabilities and address the most important warfighting scenarios."

In order to improve its ability to meet the nation’s security needs in a time of increased fiscal constraint, the QDR also calls for the Joint Force to “rebalance” in four key areas; (1) *rebalancing for a broad spectrum of conflict*, (2) *rebalancing and sustaining our presence and posture abroad*, (3) *rebalancing capability, capacity, and readiness within the Joint Force*, and (4) *rebalancing tooth and tail*. To satisfy these mandates of the QDR strategy, the Navy has been compelled to make tough choices between capability and capacity, cost and risk, and to do so across a wide range of competing priorities. Our fundamental approach to these choices has not changed since I assumed this position. We continue to view each decision through the lens of the tenets I established when I took office: *Warfighting First, Operate Forward, Be Ready*.

Overview

When I appeared before the Senate Armed Services Committee in November 2013, I testified that adherence to the Budget Control Act of 2011 (BCA) revised discretionary caps, over the long term, would result in a smaller and less capable Navy. That Navy would leave us with insufficient capability and capacity to execute at least four of the ten primary missions required by the DSG.

Passage of the BBA and the topline it sets for FY 2015, together with the fiscal guidance provided for this submission provide a level of funding for the Navy that is \$36 billion above the estimated BCA revised discretionary caps across the FY 2015 to FY 2019 Future Years Defense Plan (FYDP). That funding level is still \$31 billion below the level planned for in our PB-14 submission. Accordingly, the Navy PB-15 program reduces risk in most DSG primary missions when compared to a BCA cap scenario, but we still face higher risk in at least two primary missions compared to PB-14. This high risk is most likely to manifest if we are faced with a technologically advanced adversary, or if we attempt to conduct more than one multi-phased major contingency simultaneously.

In the PB-15 submission, we assess that the Navy of 2020 will:

- Include 308 ships in the Battle Force¹, of which about 123 will be deployed. This global deployed presence will include more than two carrier strike groups (CSG) and two amphibious ready groups (ARG) deployed, on average. It is similar to the presence provided by PB-14.
- Provide “surge” capacity of about three CSG and three ARG, not deployed, but ready to respond to a contingency.

¹ It should be noted that the Department of the Navy revised guidelines for accounting for the size of the Navy’s Battle Force. Therefore, numbers in this statement are not directly comparable to those used in prior testimony. Changes to guidelines include clarifying the accounting for smaller, forward deployed ships (e.g. patrol coastal, mine countermeasures ships, high speed transports) and ships routinely requested by Combatant Commanders (e.g, hospital ships).

The following table illustrates the differences between new and old Battle Force accounting guidelines:

	Today	FY 2015	FY 2020
PB-15: New Guidelines	290	284	308
PB-15: Old Guidelines	284	274	302

- Deliver ready forces to conduct the DSG primary mission *Deter and Defeat Aggression*, but with less margin for error or ability to respond to unforeseen or emergent circumstances, compared to PB-14.
- Conduct, but with greater risk, the DSG primary mission *Project Power Despite Anti-Access/Area Denial (A2/AD) Challenges* against a technologically advanced adversary compared to PB-14. This is principally due to slower delivery of new critical capabilities, particularly in air and missile defense, and overall ordnance capacity.
- Provide increased ship presence in the Asia-Pacific region of about 67 ships, up from about 50 on average today; presence in the Middle East will likewise increase from about 30 ships on average today to about 41 in 2020. These are both similar to the levels provided by PB-14.

In order to ensure the Navy remains a balanced and ready force while complying with the reduction in funding below our PB-14 plan, we were compelled to make difficult choices in PB-15, including slowing cost growth in compensation and benefits, maintaining the option to refuel or inactivate one nuclear aircraft carrier (CVN) and a carrier air wing (CVW), inducting eleven guided missile cruisers (CG) and three dock landing ships (LSD) into a phased modernization period, canceling procurement of 79 aircraft, canceling 3,500 planned weapons procurements, and reducing funding for base facilities sustainment, restoration, and modernization.

Additional challenges are on the horizon. In the long term beyond 2019 (the end of the PB-15 FYDP), I am increasingly concerned about our ability to fund the *Ohio* Replacement ballistic missile submarine (SSBN) program—our highest priority program—within our current and projected resources. The Navy cannot procure the *Ohio* Replacement in the 2020s within historical shipbuilding funding levels without severely impacting other Navy programs.

Where we are today

Before describing our FY 2015 submission in detail, I will discuss the Navy's current posture, which established the baseline for our PB-15 submission.

The impact of the continuing resolution and sequestration reductions in FY 2013 compelled us to reduce afloat and shore operations, which created an afloat and shore maintenance and training backlog. We were able to mitigate some of the effects of this backlog through reprogramming funds in FY 2013 and Congressional action in FY 2014 to restore some funding. Impact to Navy programs, caused by the combination of sequestration and a continuing resolution in FY 2013 included:

- Cancellation of five ship deployments and delay of a carrier strike group (CSG) deployment.
- Inactivation, instead of repair, of *USS Miami* beginning in September 2013.
- Reduction of facilities sustainment by about 30% (to about 57% of the requirement).

- Reduction of base operations, including port and airfield operations, by about 8% (to about 90% of the requirement).
- Furlough of civilian employees for six days.

Shortfalls caused by FY 2013 sequestration still remain in a number of areas.

Shipbuilding programs experienced \$1 billion in shortfalls in FY 2013, which were partially mitigated with support from Congress to reprogram funds and by FY 2014 appropriations. PB-15 requests funding to remedy the remaining \$515 million in shipbuilding shortfalls. Funding to mitigate (but not enough to completely reconcile) other carryover shortfalls that remain in areas such as facilities maintenance, fleet spares, aviation depots, and weapons maintenance is requested in the Opportunity, Growth and Security (OGS) Initiative submitted to Congress with PB-15.

In FY 2014, Congress' passage of the BBA and subsequent appropriations averted about \$9 billion of the estimated \$14 billion reduction we would have faced under sequestration. As a result:

- We are able to fully fund our FY 2014 shipbuilding plan of eight ships.
- We are able to protect research, development, testing, and evaluation (RDT&E) funding to keep the *Ohio* Replacement Program—our top priority program—on track.
- We are able to fund all Navy aircraft planned for procurement in FY 2014.

In our readiness programs, \$39 billion of the \$40 billion requirement was funded, enabling us to:

- Fund all ship maintenance.
- Fund all required aviation depot maintenance.
- Fully fund ship and aircraft operations.

The remaining \$5 billion shortfall below our PB-14 request includes about \$1 billion in operations and maintenance accounts and about \$4 billion in investment accounts. To deal with this shortfall, in the area of operations and maintenance we are aggressively pursuing contracting efficiencies in: facilities sustainment projects, aviation logistics, and ship maintenance. To address the remaining investment shortages, we are compelled to reduce procurement of weapons and spare parts, to extend timelines for research and development projects, and to defer procurement of support equipment for the fleet.

Our strategic approach: PB-15

In developing our PB-15 submission, we evaluated the warfighting requirements to execute the primary missions of the DSG. These were informed by current and projected threats, global presence requirements defined by the Global Force Management Allocation Plan (GFMAP), and warfighting scenarios described in the Combatant Commanders' operational plans and Secretary of Defense-approved Defense Planning Scenarios (DPS). To arrive at a balanced program within fiscal guidance, we focused first on building appropriate capability, then delivering it at a capacity we could afford. Six programmatic priorities guided us:

First, maintain a credible, modern, and survivable sea-based strategic deterrent. Under the New START Treaty, the Navy SSBN force will carry about 70% of the US accountable deployed strategic nuclear warheads by 2020. Our PB-15 request sustains today's 14-ship SSBN force, the Trident D5 ballistic missile and support systems, and the Nuclear Command, Control, and Communications (NC3) system. The *Ohio*-class SSBN will retire, one per year, beginning in 2027. To continue to meet US Strategic Command presence and surge requirements, PB-15 starts construction of the first *Ohio* Replacement SSBN in 2021 for delivery in 2028 and first deterrent patrol in 2031.

Second, sustain forward presence of ready forces distributed globally to be where it matters, when it matters. We will utilize cost-effective approaches such as forward basing, forward operating, and forward stationing ships in the Asia-Pacific, Europe, and the Middle East. Rotational deployments will be stabilized and more predictable through implementation of an improved deployment framework we call the Optimized Fleet Response Plan (O-FRP). We will distribute our ships to align mission and capabilities to global region, ensuring high-end combatants are allocated where their unique capabilities are needed most. We will meet the adjudicated FY 2015 Global Force Management Allocation Plan (GFMAP); however, this represents only 44% of the global Geographic Combatant Commander (GCC) requests. Sourcing all GCC requests would require about 450 combatant ships with requisite supporting structure and readiness.

Third, preserve the means (capability and capacity) to both win decisively in one multi-phase contingency operation and deny the objectives of—or impose unacceptable costs on—another aggressor in another region. In the context of relevant warfighting scenarios, we assessed our ability to provide more than fifty end-to-end capabilities, also known as “kill chains” or “effects chains.” Each chain identifies all elements needed to provide a whole capability, including sensors, communications and networks, operators, platforms, and weapons. PB-15 prioritizes investments to close gaps in critical kill chains, and accepts risk in capacity or in the rate at which some capabilities are integrated into the Fleet.

Fourth, focus on critical afloat and ashore readiness to ensure “the force” is adequately funded and ready. PB-15 (compared to a BCA revised caps level) improves our ability to respond to contingencies (“surge” capacity) by increasing the readiness of non-deployed forces. However, it increases risk to ashore readiness in FY 2015, compared to PB-14, by reducing facilities sustainment, restoration, and modernization (FSRM) and military construction (MILCON) investments. This reduction adds to backlogs created by the deferrals in FY 2013 and FY 2014, exacerbating an existing readiness problem.

Fifth, sustain or enhance the Navy's asymmetric capabilities in the physical domains as well in cyberspace and the electromagnetic spectrum. Our FY 2015 program prioritizes capabilities to remain ahead of or keep pace with adversary threats, including electromagnetic spectrum and cyber capabilities and those capabilities that provide joint assured access developed in concert with other Services under *Air-Sea Battle*. Our program terminates certain capability programs that do not provide high-leverage advantage, and slows funding for those that assume too much technical risk or could be developed and “put on the shelf” until needed in the future.

Sixth, sustain a relevant industrial base, particularly in shipbuilding. We will continue to evaluate the impact of our investment plans on our industrial base, including ship and aircraft builders, depot maintenance facilities, equipment and weapons manufacturers, and science and technology researchers. The government is the only customer for some of our suppliers, especially in specialized areas such as nuclear power. PB-15 addresses the health of the industrial base sustaining adequate capacity, including competition, where needed and viable. We will work closely with our industry partners to manage the risk of any further budget reductions.

Stewardship Initiatives. Another important element of our approach in PB-15 included business transformation initiatives and headquarters reductions to comply with Secretary of Defense (SECDEF) direction. In order to maximize warfighting capability and capacity, the Department of the Navy achieved approximately \$20 billion in savings across the PB-15 FYDP through a collection of business transformation initiatives. These can be grouped into four major categories: 1) more effective use of operating resources (about \$2.5 billion over the FYDP), 2) contractual services reductions (about \$14.8 billion FYDP), 3) Better Buying Power (BBP) in procurement (about \$2.7 billion FYDP), and 4) more efficient research and development (about \$200 million FYDP). These initiatives build on Navy and Department of Defense (DOD) initiatives that date back to 2009 and represent our continuing commitment to be good stewards of taxpayer dollars.

Our PB-15 request also achieves savings through significant headquarters reductions, placing us on track to meet the 20% reduction by FY 2019 required by SECDEF fiscal guidance. We applied reductions to a broader definition of headquarters than directed, achieving a savings of \$33 million in FY 2015 and \$873 million over the FYDP from reductions in military, civilian, and contractor personnel. In making these reductions, we protected fleet operational warfighting headquarters and took larger reductions in other staffs.

What we can do

As described earlier, PB-15 represents some improvement over a program at the BCA revised caps, but in PB-15 we will still face high risk in executing at least two of the ten primary missions of the DSG in 2020. The 2012 Force Structure Assessment² (FSA) and other Navy analysis describe the baseline of ships needed to support meeting each of the ten missions required by the DSG. Against that baseline and our “kill chain” analysis described earlier, we assess that under PB-15 the Navy of 2020 supports each of the ten DSG missions as follows:

1. Provide a Stabilizing Presence. Our PB-15 submission will meet the adjudicated presence requirements of the DSG. By increasing the number of ships forward stationed and forward based, PB-15 in some regions improves global presence as compared to our PB-14 submission. The Navy of 2020:

- Provides global presence of about 123 ships, similar to the aggregate number planned under PB-14.

² Consistent with other “ship counts” in this statement, the regional presence numbers described in this section are not directly comparable to those used in previous years due to the Battle Force counting guidelines revision.

- Increases presence in the Asia-Pacific from about 50 ships today on average to about 67 in 2020 on average, a greater increase than planned under PB-14.
- *“Places a premium on US military presence in—and in support of—partner nations”* in the Middle East, by increasing presence from about 30 ships³ today on average to about 41 on average in 2020.
- Continues to *“evolve our posture”* in Europe by meeting ballistic missile defense (BMD) European Phased Adaptive Approach (EPAA) requirements with four BMD-capable guided missile destroyers (DDG) in Rota, Spain and two land-based sites in Poland and Romania. The first of these DDG, *USS Donald Cook*, arrived in February 2014 and all four will be in place by the end of FY 2015. Additional presence in Europe will be provided by forward operating joint high speed vessels (JHSV) and some rotationally deployed ships.
- Will provide *“innovative, low-cost and small-footprint approaches”* to security in Africa and South America by deploying one JHSV, on average, to each region. Beginning in FY 2015, we will deploy one hospital ship (T-AH), on average, and, beginning in FY 2016, add one patrol coastal (PC) ship, on average, to South America. Afloat forward staging bases (AFSB) forward operating in the Middle East will also provide additional presence in Africa as required.

2. *Counter Terrorism and Irregular Warfare (CT/IW)*. We will have the capacity to conduct widely distributed CT/IW missions. This mission requires Special Operations Forces, expeditionary capabilities such as Intelligence Exploitation Teams (IET), and specialized platforms such as two AFSB and four littoral combat ships (LCS) with embarked MH-60 *Seahawk* helicopters and MQ-8 *Fire Scout* unmanned air vehicles. PB-15 adds capacity for this mission by procuring a third mobile landing platform (MLP) AFSB variant in FY 2017 for delivery in FY 2020.

3. *Deter and Defeat Aggression*. FSA analysis described the ship force structure required to meet this mission’s requirement: to be able to conduct one large-scale operation and *“simultaneously be capable of denying the objectives of—or imposing unacceptable costs on—an opportunistic aggressor in a second region.”* According to the FSA, the Navy has a requirement for a force of 11 CVN, 88 large surface combatants (DDG and CG), 48 attack submarines (SSN), 11 large amphibious assault ships (LHA/D), 11 amphibious transport docks (LPD), 11 LSD, 52 small surface combatants (collectively: LCS, frigates, mine countermeasure ships) and 29 combat logistics force (CLF) ships. This globally distributed force will yield a steady state deployed presence of more than two CSG and two amphibious ready groups (ARG), with three CSG and three ARG ready to deploy in response to a contingency (“surge”). The Navy of 2020 delivered by PB-15, however, will be smaller than the calculated requirement in terms of large surface combatants, LHA/D, and small surface combatants. This force structure capacity

³ Under revised Battle Force accounting guidelines, the Middle East presence today now includes eight patrol coastal (PC) ships forward based in Bahrain; the number will increase to 10 in FY 2014. PC were not counted previously before the revision.

provides less margin for error and reduced options in certain scenarios and increases risk in this primary mission. If we return to a BCA revised caps funding level in FY 2016, the situation would be even worse. We would be compelled to inactivate a CVN and CVW and to reduce readiness and other force structure to ensure we maintain a balanced, ready force under the reduced fiscal topline. As in the BCA revised caps scenario I described previously, these reductions would leave us with a Navy that is capable of one multi-phase contingency. Under these circumstances, we would not meet this key DSG mission.

4. Conduct Stability and Counterinsurgency Operations. The Navy of 2020 will be able to meet the requirements of this DSG mission.

5. Project Power Despite Anti-Access/Area-Denial (A2/AD) Challenges. Compared to PB-14, our overall power projection capability development would slow, reducing options and increasing our risk in assuring access. The reduced procurement of weapons and slowing of air and missile defense capabilities, coupled with joint force deficiencies in wartime information transport and airborne intelligence, surveillance, and reconnaissance (ISR), will cause us to assume high risk in conducting this DSG mission if we are facing a technologically advanced adversary. PB-15 makes results in the following changes to air and missile defense capabilities (versus PB-14):

- The Navy Integrated Fire Control-Counter Air (NIFC-CA) Increment I capability will still field (with the E-2D *Advanced Hawkeye* aircraft) in 2015, but only four air wings (versus six in PB-14) will have transitioned to the E-2D by 2020. Fewer air wings with E-2D translates to less assured joint access. NIFC-CA Increment I integrates aircraft sensor and ship weapon capabilities, improving lethality against advanced air and missile threats.
- The F-35C *Lightning II*, the carrier-based variant of the Joint Strike Fighter, is scheduled to achieve Initial Operational Capability (IOC) between August 2018 and February 2019. However, our F-35C procurement will be reduced by 33 airframes in the PB-15 FYDP when compared to PB-14. The F-35C, with its advanced sensors, data sharing capability, and ability to operate closer to threats, is designed to enhance the CVW's ability to find targets and coordinate attacks. The impact of this reduced capacity would manifest itself particularly outside the FYDP, and after F-35C IOC.
- All components of an improved air-to-air kill chain that employs infrared (IR) sensors to circumvent adversary radar jamming will be delayed one year. The Infrared Search and Track (IRST) Block I sensor system will field in 2017 (versus 2016) and the improved longer-range IRST Block II will not deliver until 2019 (versus 2018).
- Improvements to the air-to-air radio frequency (RF) kill chain that defeats enemy jamming and operates at longer ranges will be slowed, and jamming protection upgrades to the F/A-18E/F *Super Hornet* will be delayed to 2019 (versus 2018).

However, PB-15 sustains our advantage in the undersea domain by delivering the following capabilities:

- PB-15 procures 56 P-8A *Poseidon* maritime patrol aircraft over the FYDP, replacing the legacy P-3C *Orion*'s capability.
- Continues to procure two *Virginia*-class SSN per year through the FYDP, resulting in an inventory of 21 *Virginia*-class (of 48 total SSN) by 2020.
- Continues installation of anti-submarine warfare (ASW) combat system upgrades for DDG and improved Multi-Function Towed Arrays (MFTA) for DDG and CG. Both installations will be complete on all DDG forward based in the Western Pacific by 2018.
- All of our P-8A and ASW helicopters in the Western Pacific will still be equipped with upgraded sonobuoys and advanced torpedoes by 2018.
- The LCS mine countermeasures (MCM) mission package, which employs unmanned vehicles and offboard sensors to localize and neutralize mines, will complete testing of its first increment in 2015 and deploy to the Arabian Gulf with full operational capability by 2019.
- The LCS ASW mission package, which improves surface ASW capability by employing a MFTA in concert with a variable depth sonar (VDS), will still field in 2016.
- Additional Mk 48 Advanced Capability (ADCAP) heavyweight torpedoes, restarting the production line and procuring 105 Mod 7 torpedoes across the FYDP. The restart will also provide a basis for future capability upgrades.

6. *Counter Weapons of Mass Destruction.* This mission has two parts: (1) interdicting weapons of mass destruction as they proliferate from suppliers, and (2) defeating the means of delivery during an attack. PB-15 will meet requirements for this mission by providing sufficient deployed CSG, ARG, and surface combatants, as well as SEAL and EOD platoons, to address the first part. For the second part, BMD-capable DDG exist in sufficient numbers to meet adjudicated GCC presence requirements under the GFMAP, and can be postured to counter weapons delivered by ballistic missiles in regions where threats are more likely to emanate. That said, missile defense capacity in some scenarios remains a challenge and any reduction in the number of BMD-capable DDG raises risk in this area.

7. *Operate Effectively in Space and Cyberspace.* Our PB-15 submission continues to place priority on cyber defense and efforts to build the Navy's portion of the Department of Defense's Cyber Mission Forces. Continuing PB-14 initiatives, PB-15 will recruit, hire, and train 976 additional cyber operators and form 40 cyber mission teams by 2016. Additionally, we will align Navy networks with a more defensible DOD Joint Information Environment (JIE) through the implementation of the Next Generation Enterprise Network (NGEN) ashore and Consolidated Afloat Networks and Enterprise Services (CANES) at sea.

8. *Maintain a Safe, Secure, and Effective Nuclear Deterrent.* This mission is the Navy's top priority in any fiscal scenario, and our PB-15 submission will meet its requirements. It satisfies STRATCOM demand for SSBN availability through the end of the current *Ohio* class'

service life. Additionally, our PB-15 submission funds Nuclear Command, Control, and Communications (NC3) modernization and the Trident D5 ballistic missile Life Extension Program (LEP) while sustaining the fleet of E-6B *Mercury* Take Charge and Move Out (TACAMO) aircraft.

9. Defend the Homeland and Provide Support to Civil Authorities. PB-15 will maintain an appropriate capacity of aircraft carriers, surface combatants, amphibious ships, and aircraft that are not deployed and are ready for all homeland defense missions.

10. Conduct Humanitarian, Disaster Relief, and Other Operations. Our analysis determined that a global presence of two ARG and nine JHSV is sufficient to conduct these operations. Our PB-15 submission will support this level of presence.

Manpower, Modernization, Warfighting Capability, and Readiness

The following paragraphs describe more specific PB-15 programs actions that result from our strategic approach and influence our ability to conduct the missions required by the DSG:

End Strength. PB-15 supports a FY 2015 Navy active end strength of 323,600, and reserve end strength of 57,300. It appropriately balances risk, preserves capabilities to meet current Navy and Joint requirements, fosters growth in required mission areas, and provides support to Sailors, Navy Civilians and Families. We adjusted both Active and Reserve end strength to balance available resources utilizing a Total Force approach. PB-15 end strength remains fairly stable across the FYDP, reaching approximately 323,200 Active and 58,800 Reserve in FY 2019.

Shipbuilding. Our PB-15 shipbuilding plan combines the production of proven platforms with the introduction of innovative and cost effective platforms in order to preserve capacity while enhancing capability. Simultaneously, we will sustain efforts to develop new payloads that will further enhance the lethality and effectiveness of existing platforms and continue mid-life modernizations and upgrades to ensure their continued relevance. We will continue to field flexible, affordable platforms like AFSB and auxiliary ships that operate forward with a mix of rotational civilian and military crews and provide additional presence capacity for certain missions requiring flexibility, volume, and persistence. PB-15 proposes:

- Funding for 14 LCS across the FYDP (three per year in FY 2015 – 2018 and two in FY 2019). However, in accordance with SECDEF direction, we will cease contract negotiations after we reach a total of 32 ships (12 procured in the PB-15 FYDP). Per direction, we will assess LCS' characteristics such as lethality and survivability, and we are studying options for a follow-on small surface combatant, and follow on flight of LCS.
- Two *Virginia*-class SSN per year, maintaining the planned ten-ship Block IV multi-year procurement (FY 2014 – FY 2018).
- Two *Arleigh Burke*-class DDG per year, maintaining the ten-ship multi-year procurement (FY 2013 – 2017). PB-15 procures ten DDG (three Flight IIA and seven Flight III) in the FYDP. The first Flight III DDG, which will incorporate the

advanced Air and Missile Defense Radar (AMDR), will be procured in FY 2016 and delivered in FY 2021.

- An additional AFSB variant of the *Montford Point*-class MLP in FY 2017. This AFSB will deliver in FY 2020 and will forward operate in the Asia-Pacific region.
- Three T-AO(X) fleet oilers (in FY 2016, 2018, and 2019, respectively).
- Advanced procurement requested in FY 2019 to procure one LX(R) amphibious ship replacement in FY 2020.

Additionally, to comply with fiscal constraints, our PB-15 submission delays delivery of the second *Ford*-class CVN, *USS John F. Kennedy* (CVN 79) from FY 2022 to FY 2023.

Aviation. PB-15 continues our transition to the Future Carrier Air Wing, which will employ manned and unmanned systems to achieve air, sea, and undersea superiority across capability “kill chains.” We will also continue to field more advanced land-based maritime patrol aircraft (manned and unmanned) to evolve and expand our ISR, ASW, and sea control capabilities and capacity. To further these objectives while complying with fiscal constraints, PB-15:

- Continues plans to transition the F/A-18E/F *Super Hornet* fleet from production to sustainment with the final 37 aircraft procured in FY 2013 and scheduled for delivery in FY 2015. Likewise, the final EA-18G *Growler* electronic warfare aircraft will be procured in FY 2014 and delivered in FY 2016. We are forced to assume the risk of moving to a single strike fighter prime contractor due to fiscal constraints.
- Maintains IOC of the F-35C *Lightning II* between August 2018 and February 2019. However, due to fiscal constraints, we were compelled to reduce F-35C procurement by 33 airframes across the FYDP.
- Maintains initial fielding of the E-2D *Advanced Hawkeye* and its NIFC-CA capability in FY 2015. Due to fiscal constraints, we were compelled to reduce procurement by ten airframes over the FYDP with four CVW completing transition to the E-2D by 2020, versus the preferred six in PB-14.
- Continues development of the Unmanned Carrier Launch Surveillance and Strike System (UCLASS), a major step forward in achieving integration of manned and unmanned systems within the CVW. UCLASS remains on a path to achieve Early Operational Capability (EOC) within four to five years of contract award, which is projected for FY 2015.
- Continues to transition to the P-8A *Poseidon* maritime patrol aircraft from the legacy P-3C *Orion*. However, we were compelled by fiscal constraints to lower the final P-8A inventory objective from 117 to 109 aircraft. The warfighting requirement remains 117, but we can only afford 109.
- Continues development of the MQ-4C *Triton* land-based unmanned ISR aircraft. However, technical issues delayed the low-rate initial production decision from FY

2015 to FY 2016. Together with fiscal constraints, this reduces procurement of MQ-4C air vehicles in the FYDP from 23 to 16. *Triton* will make its first deployment to the Pacific in FY 2017. The multi-INT version will start fielding in 2020.

- Aligns the MQ-8 *Fire Scout* ship-based unmanned helicopter program to LCS deliveries. Fiscal constraints and global force management (GFM) demands on our surface combatants compelled us to remove options to conduct dedicated ISR support to Special Operations Forces (SOF) from DDG and JHSV, but *Fire Scout*-equipped LCS can be allocated to Combatant Commanders by the GFM process to support this mission. This decision reduces procurement of MQ-8 air vehicles across the FYDP by 19.
- Continues our maritime Intelligence, Surveillance, Reconnaissance, and Targeting (ISR&T) transition plan to deliver increased ISR persistence by the end of FY 2018 and exceed the aggregate capability and capacity of our legacy platforms by the end of FY 2020. However, as we transition from legacy platforms like the EP-3E *Aries II*, fiscal constraints will compel us to take moderate risk in some collection capabilities over the next few years.

Modernization. In parallel with recapitalization, PB-15 continues modernization of in-service platforms. Flight I and II of the *Arleigh Burke*-class DDG began mid-life modernization in FY 2010, and will continue at the rate of 2 hulls per year (on average) through FY 2016. In FY 2017, we will begin to modernize Flight IIA DDG in parallel with Flight I and II in order to do so closer to the midpoint in the Flight IIA's service lives and increase return on investment. This will also increase operational availability and BMD capacity sooner than a serial, "oldest-first" plan. Nine of twelve *Whidbey Island*-class LSD have undergone a mid-life update and preservation program, and seven *Wasp*-class large deck amphibious assault ships (LHD) will complete mid-life modernization by FY 2022. Modernization of the 8th LHD, *USS Makin Island* will be addressed in subsequent budget submissions.

The Navy's budget must also include sufficient readiness, capability and manpower to complement the force structure capacity of ships and aircraft. This balance must be maintained to ensure each unit will be effective, no matter what the overall size and capacity of the Fleet. To preserve this balance and modernize cruisers while avoiding a permanent loss of force structure and requisite "ship years," PB-15 proposes to induct eleven *Ticonderoga*-class CG into a phased modernization period starting in FY 2015. Only fiscal constraints compel us to take this course of action; CG global presence is an enduring need. The ships will be inducted into phased modernization and timed to align with the retirements of CG such that the modernized ships will replace one-for-one, when they finish modernization. This innovative plan permits us to reapply the CG manpower to other manning shortfalls while simultaneously avoiding the operating costs for these ships while they undergo maintenance and modernization. The plan to modernize and retain the CG adds 137 operational "ship years" to the Battle Force and it extends the presence of the *Ticonderoga* class in the Battle Force to 58 years. It avoids approximately \$2.2 billion in operating and maintenance costs across the FYDP for eleven CG. In addition, it precludes Navy having to increase our overall end strength by about 3,400 people (approximately \$1.6 billion

over the FYDP), which would otherwise be required to fill critical shortfalls in our training pipelines and fleet manning.

PB-15 also proposes to induct three *Whidbey Island*-class LSD into phased modernization availabilities on a “rolling basis” beginning in FY 2016, with two of the three always remaining in service. Similar to the CG plan, the LSD plan avoids approximately \$128 million across the FYDP in operating and maintenance and an end strength increase of approximately 300 people (approximately \$110 million over the FYDP) for the one LSD that will be in this category during the PB-15 FYDP. This plan adds 35 operational “ship years” and sustains the presence of the *Whidbey Island* class in the Battle Force through 2038.

We appreciate the additional funding and expanded timeframe given by Congress for modernizing and operating the LSD and CG proposed for permanent inactivation in PB-13. Consistent with the spirit of Congressional action, we are committed to a phased modernization of these nine ships, plus an additional four CG and one LSD. However, funding constraints still make us unable to keep all of these ships operational in every year, in the near term. While we would prefer to retain all LSD and CG deployable through the FYDP, a balanced portfolio under current fiscal constraints precludes this.

To mitigate a projected future shortfall in our strike fighter inventory while integrating the F-35C, PB-15 continues the Service Life Extension Program (SLEP) for the legacy F/A-18A-D *Hornet*. With SLEP modifications, some of these aircraft will achieve as much as 10,000 lifetime flight hours, or 4,000 hours and 16 years beyond their originally-designed life.

Electromagnetic Maneuver Warfare. In addition to the actions described earlier in the statement to improve air and missile defense and sustain our advantage in the undersea and information domains, our program enhances our ability to maneuver freely in the electromagnetic spectrum, while denying adversaries’ ability to do the same. It maintains our investment in the Ships’ Signals Exploitation Equipment (SSEE) Increment F, which equips ships with a robust capability to interdict the communications and targeting elements of adversary kill chains by 2020. It delivers upgraded electromagnetic sensing capabilities for surface ships via the Surface Electronic Warfare Improvement Program (SEWIP) Block 2 that will deliver in 2016. PB-15 then begins low rate initial production (LRIP) of SEWIP Block 3 in 2017 to add jamming and deception capabilities to counter advanced anti-ship cruise missiles. To enhance CVW capabilities to jam enemy radars and conduct other forms of electromagnetic spectrum maneuver warfare, PB-15 maintains our investments in the Next Generation Jammer (NGJ). NGJ will provide the EA-18G *Growler* with enhanced Airborne Electronic Attack (AEA) capabilities for conventional and irregular warfare. The current ALQ-99 jammer, which has been the workhorse of the fleet for more than 40 years, will not be able to meet all requirements in challenging future environments.

Mine Warfare. Mines are a low-cost, asymmetric weapon that can be effective in denying US forces access to contested areas. To enhance our ability to counter mines in the Middle East and other theaters, our PB-15 program sustains investments in the LCS mine countermeasures (MCM) mission package, completing initial testing of its first increment in 2015 and achieving full operational capability in 2019. With these packages installed, LCS will locate mines at twice the rate our existing MCM ships can achieve, while keeping the LCS and

its crew outside the mine danger area. LCS also has significantly greater on-station endurance and self-defense capability than existing MCM. PB-15 sustains our interim AFSB, *USS Ponce*, in service until FY 2016. *USS Ponce* provides forward logistics support and command and control to MCM ships and helicopters, allowing them to remain on station longer and sustain a more rapid mine clearance rate. In the near-term, PB-15 continues funding for Mk 18 *Kingfish* unmanned underwater vehicles (UUV) and *Sea Fox* mine neutralization systems deployed to the Arabian Gulf today, as well as increased maintenance and manning for *Avenger*-class MCM ships forward based in Bahrain.

Precision Strike. Our precision strike capabilities and capacity will be critical to success in any foreseeable future conflict. Accordingly, PB-15 funds research and development for the *Virginia* Payload Module (VPM) through FY 2018 to increase *Virginia*-class SSN Tomahawk missile capacity from 12 to 40 missiles, mitigating the loss of capacity as *Ohio*-class guided missile submarines (SSGN) begin to retire in 2026. These efforts will support the option to procure the VPM with Block V of the *Virginia* class, as early as FY 2019, in a future budget. Also in support of strike capacity, PB-15 sustains the existing Tactical Tomahawk cruise missile inventory by extending service life through investments in critical capability enhancements and vital parts to achieve maximum longevity. To develop a follow-on weapon to replace Tactical Tomahawk when it leaves service, PB-15 commences an analysis of alternatives (AoA) in FY 2015 for planned introduction in the 2024-2028 timeframe. Also, our program enhances CVW precision strike capabilities by integrating the Small Diameter Bomb II (SDB II) on the F/A-18 by 2019.

Anti-Surface Warfare. To pace improvements in adversaries' long-range anti-ship cruise missiles and maritime air defenses, PB-15 implements a plan to deliver next-generation anti-surface warfare (ASuW) capability. The program maintains current ASuW capability inherent in the Harpoon missile, Joint Standoff Weapon (JSOW) C-1, and Mk 48 ADCAP torpedoes. In the near term, we are pursuing options to develop an improved, longer-range ASuW capability by leveraging existing weapons to minimize technical risk, costs, and development time. Additionally, PB-15 funds enhanced ASuW lethality for LCS by introducing a surface-to-surface missile module (SSMM) in FY 2017. PB-15 accelerates acquisition of the next-generation Long Range Anti-Ship Missile (LRASM), fielding an early air-launched capability on the Air Force B-1B *Lancer* bomber in FY 2018 and integration with the F/A-18E/F in FY 2019. Additionally, PB-15's restart of Mk 48 ADCAP production and acquisition of 105 Mod 7 torpedoes over the FYDP enhances submarine ASuW capacity and provides a basis for future capability upgrades.

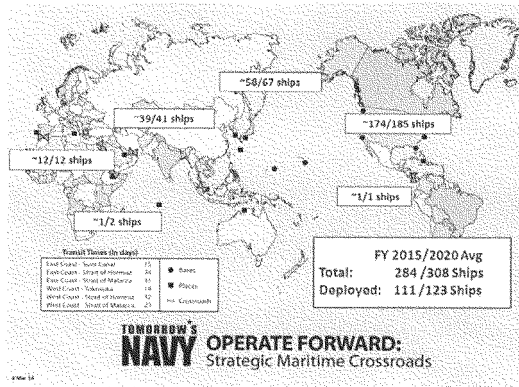


Figure 2: Navy's projected forward presence in FY 2015 and FY 2020

Forward Presence. PB-15 continues our DSG-directed rebalance to the Asia-Pacific both in terms of force structure and in other important ways. It increases our presence in the region from about 50 ships today on average to about 67 by 2020. In doing so, we continue to leverage our own “bases” in the region, such as Guam and Hawaii, as well as “places” where our allies and partners allow us to use their facilities to rest, resupply, and refuel. PB-15 continues to preferentially field advanced payloads and platforms with power projection capabilities, such as the F-35C *Lightning II*, the *Zumwalt*-class DDG, the AIM-120D Advanced Medium Range Air-to-Air Missile (AMRAAM), and the P-8A *Poseidon* to the Asia-Pacific first in response to the rapidly increasing A2/AD capabilities of potential adversaries in the region.

In our PB-15 submission, we seek to maximize our presence in the Asia-Pacific and other regions using both rotational and non-rotational forces. Rotational forces deploy to overseas theaters from homeports in the United States for finite periods, while non-rotational forces are sustained in theater continuously. Non-rotational forces can be forward based, as in Spain and Japan, where ships are permanently based overseas and their crews and their families reside in the host country. Forward stationed ships operate continuously from overseas ports but are manned by crews that deploy rotationally from the United States, as is the case with the LCS deployed to Singapore, with four ships in place by 2017. Forward operating ships, by contrast, operate continuously in forward theaters from multiple ports and are manned by civilian mariners and small detachments of military personnel who rotate on and off the ships. Examples of forward operating ships include MLP, JHSV, AFSB, and the oilers and combat support ships of the Combat Logistics Force (CLF). Forward based, stationed, or operating ships all provide presence at a significantly lower cost since one ship that operates continuously overseas provides the same presence as about four ships deploying rotationally from homeports in the United States.

To capitalize on this advantage, our PB-15 program continues the move of four BMD-capable destroyers to Rota, Spain. The first of these, *USS Donald Cook*, is already in place, and three ships will join her by the end of FY 2015. We will likewise forward base an additional (fourth) SSN in Guam in FY 2015. PB-15 sustains our forward based MCM and PC in Bahrain, and forward stationed LCS will begin to assume their missions at the end of the decade. As JHSV are delivered and enter service, they will begin forward operating in multiple regions, including the Middle East in FY 2014, the Asia-Pacific in FY 2015, Africa in FY 2016, and Europe in FY 2017. *USNS Montford Point*, the first MLP, will deploy and begin forward operating from Diego Garcia in FY 2015. *USNS Lewis B. Puller*, the first AFSB variant of the *Montford Point* class, will relieve our interim AFSB, *USS Ponce*, and begin forward operating in the Middle East in FY 2016.

The Optimized Fleet Response Plan (O-FRP). In addition to maximizing forward presence by basing ships overseas, our PB-15 submission also takes action to maximize the operational availability and presence delivered by units that deploy rotationally from the United States. In FY 2015 we will begin implementation of the O-FRP, a comprehensive update to our existing Fleet Response Plan, the operational framework under which we have trained, maintained, and deployed our forces since 2003.

The legacy FRP employed units on repeating cycles about 30 months in length that were divided into four phases: maintenance, basic training, integrated (advanced) training, and sustainment. Scheduled deployments of notionally six to seven months were intended to take place in the sustainment phase, and the units' combat readiness was maintained for the remainder of the sustainment phase to provide "surge" capacity for contingency response.

Over the past few years, continuing global demand for naval forces coupled with reduced resources has strained the force. Continued demand in the Asia-Pacific, combined with increased commitments in the Persian Gulf, as well as responses to crisis events in Syria and Libya, coupled with an emerging global afloat BMD mission, have driven recent deployment lengths for certain units (CSG, ARG, and BMD-capable DDG in particular) as high as eight to nine months. Sequestration and a continuing resolution in FY 2013 added to these pressures by hampering maintenance and training, which slowed preparation of ships and delayed deployments. In many instances, we have been compelled to shorten training and maintenance or to deploy units twice in the same sustainment cycle. While the FRP provides flexibility and delivers additional forces where required for crisis response, the increased operational tempo for our forces in recent years is not sustainable in the long term without a revision of the FRP. Reductions in training and maintenance reduce the combat capability and readiness of our forces and the ability of our ships and aircraft to fulfill their expected service lives. These effects combine with unpredictable schedules to impact our Sailors' "quality of service," making it more difficult to recruit and retain the best personnel in the long-term.

The O-FRP responds to these schedule pressures and simultaneously makes several other process and alignment improvements to more effectively and efficiently prepare and deploy forces. Our analysis concluded that a 36-month deployment cycle (versus about 30 months) with scheduled deployments of up to eight months (versus six to seven months) is the optimal solution to maximize operational availability while maintaining stability and predictability for

maintenance and training. Beyond scheduling, the O-FRP increases cohesiveness and stability in the composition of the teams we prepare for deployment by keeping the same group of ships and aircraft squadrons together in a CSG through successive cycles of training and deployment. The O-FRP also takes actions to make maintenance planning more predictable and maintenance execution more timely and cost-effective. It takes parallel steps in training by closely aligning the many inspections and exercises that units must complete in a predictable, rationalized sequence.

Our PB-15 submission implements the O-FRP beginning in FY 2015 with the *Harry S. Truman* CSG, and will implement it in all other CSG and surface combatants as they prepare for and execute their next deployments. The O-FRP will subsequently be expanded to amphibious ships (ARG) and we are studying the desirability of expanding it to submarines and other unit types in the future.

Fleet Readiness. A central challenge in delivering the best Navy possible for the funds appropriated is properly balancing the cost of procuring force structure and capability with the cost of maintaining them at an appropriate level of readiness. When faced with a future of declining budgets, if we are returned to BCA revised caps funding levels in FY 2016 and beyond, we are forced to make difficult decisions. Unstable budget levels (due to continuing resolutions and sequestration) force reductions in maintenance and training. Over time, this begins to take an untenable toll on our enduring ability to deploy forces that are sufficiently ready to complete their missions with acceptable risk and the ability of our ships and aircraft to reach their expected service lives. We are mandated to fund readiness. In a declining budget, we must look at reducing recapitalization and modernization. This can also have the consequences, of falling behind competitors in terms of capability and relevance, or we risk having too few ships and aircraft to execute certain missions in the future. As a result, we balance force structure capacity and capability with readiness in any financial situation.

Despite the reduction in funding below levels planned in PB-14, PB-15 strikes this balance and the result is a program that delivers sufficient readiness to meet our GFMAP presence commitments and provide sufficient “surge” capacity for contingency response.

As part of our efforts to sustain fleet readiness, Navy continues to improve its maintenance practices for surface ships by increasing governance, transparency, and accountability. Over the last several years, these practices have enabled us to decrease the amount of backlogged ship maintenance caused by high operational tempo.

Going forward, PB-15 funds Navy's FY15 afloat readiness to the DOD guidelines and goals. As in previous years, a supplemental funding request will be submitted to address some deployed ship operations, flying, and maintenance requirements.

Readiness and Investment Ashore. To comply with fiscal constraints, we are compelled to continue accepting risk in shore infrastructure investment and operations. PB-15 prioritizes nuclear weapons support, base security, child development programs, and air and port operations. PB-15 funds facilities' sustainment to 70% of the DOD Facilities Sustainment Model, and prioritizes repair of critical operational facilities like piers and runways, renovation of inadequate barracks, and improving the energy efficiency of facilities. Less critical repairs to

non-operational facilities will be deferred; however, this risk will compound over years and must eventually be addressed.

Depot Maintenance Infrastructure. Due to fiscal constraints, the Department of the Navy will not meet the mandated capital investment of 6% across all shipyards and depots described in 10 USC 2476 in FY 2015. The Navy projects an investment of 3.5% in FY 2015. PB-15 does, however, fund the most critical deficiencies related to productivity and safety at our Naval Shipyards. We will continue to aggressively pursue opportunities such as reprogramming or realignment of funds to find the appropriate funds to address this important requirement and mandate.

Base Realignment and Closure (BRAC). PB-15 continues to fund environmental restoration, caretaking, and property disposal at BRAC 2005 and prior-round BRAC installations. We meet the legal mandates at all levels from previous BRAC rounds.

Health of the Force

Compensation Reform and Quality of Service. PB-15 addresses readiness by applying an important concept: quality of service. Quality of service has two components: (1) quality of work, and (2) quality of life. Both are intrinsically tied to readiness. At work, the Navy is committed to providing our Sailors a challenging, rewarding professional experience, underpinned by the tools and resources to do their jobs right. Our obligations don't stop at the bottom of the brow. We support our Navy Families with the proper quality of life in terms of compensation, professional and personal development, and stability (i.e., deployment predictability). Our Sailors are our most important asset and we must invest appropriately to keep a high caliber all-volunteer force.

Over the last several years, Congress has been generous in increasing our benefits and compensation by approving pay raises, expanding tax-free housing, increasing health care benefits for retirees, and enhancing the GI Bill. This level of compensation and benefits, while appropriate, is costly and will exceed what we can afford.

Personnel costs for military and civilian personnel make up about half of DOD's base budget—a share that continues to grow and force tradeoffs with other priorities. It is a strategic imperative to rein in this cost growth; therefore, we propose to slow rates of military pay raises, temporarily slow Basic Allowance for Housing growth, and reduce indirect subsidies provided to commissaries. Coupled with reductions in travel expenses, these reforms will generate \$123 million in Navy savings in FY 2015 and \$3.1 billion across the FYDP. None of these measures will reduce our Sailors' pay.

When my Senior Enlisted Advisor (the Master Chief Petty Officer of the Navy) and I visit Navy commands around the world, the message I get from our Sailors is that they want to serve in a force that is properly manned and one that provides them with the tools, training, and deployment predictability they need to do their jobs. Sailors tell us that these factors are as important as compensation and benefits. Any Navy savings from compensation reform, therefore, will be re-invested to quality of service enhancements that include:

- Increases in travel funding for training.

- Expansion of the Navy e-Learning online training system
- Improvement in training range and simulation capabilities, simulated small arms training, and other shore-based simulators and trainers for surface ship and submarine personnel.
- Additional aviation spare parts.
- Enhancements to aviation logistics and maintenance.
- Enhancements to surface ship depot maintenance.
- Increasing financial incentives for Sailors serving in operational capacities at sea.
- Increasing retention bonuses.
- Enhancing Base Operating Support (BOS) funding to improve base services for Sailors and their families.
- Restoring of \$70 million per year of funding for renovation of single Sailors' barracks that we were previously compelled to reduce due to fiscal constraints.
- Military construction projects for five barracks and a reserve Navy Operational Support Center (NOSC).
- Improving berthing barges in Yokosuka, Japan that house Sailors while forward based ships undergo depot maintenance.
- Increasing support to active commands by Selected Reserve (SELRES) personnel, thereby reducing workloads on active duty personnel.
- Implementing an information technology (IT) solution that enables Reserve personnel to remotely access Navy IT resources in support of mission objectives.
- Increasing funding for recapitalization projects at our flagship educational institutions.

For the same reasons we support reform of pay and other benefits, the Navy also supports DOD-wide proposals in PB-15 to reduce military health care costs by modernizing insurance options for dependents and retirees, and through modest fee and co-pay increases that encourage use of the most affordable means of care.

Enduring Programs. Along with the plans and programs described above, I remain focused on enduring challenges that relate to the safety, health, and well-being of our people. In June 2013, we established the Navy 21st Century Sailor Office (OPNAV N17), led by a flag officer, to integrate and synchronize our efforts to improve the readiness and resilience of Sailors and their Families. The most pressing and challenging problem that we are tackling in this area is sexual assault.

Sexual Assault. The Navy continues to pursue a deliberate strategy in combatting sexual assault. We continue to focus on preventing sexual assaults, supporting and advocating for

victims, improving investigation programs and processes, and ensuring appropriate accountability. To assess effectiveness and better target our efforts, Navy's Sexual Assault Prevention and Response (SAPR) program is driven by a metrics-based strategic plan that focuses on care and support to victims, as well as individual, command and institutional efforts to prevent this destructive crime. We receive feedback directly from our Sailors through surveys, polls, and Fleet engagements, which steers our program and efforts. In FY13, more Sailors than ever came forward to report incidents, many of which occurred months or even years prior.

Sustaining a world-class response and victim advocacy system remains a top priority; preventing sexual assaults from occurring is an imperative. Our strategy focuses on creating a climate where behaviors and actions that may lead to sexual assault, as well as sexual assault itself, are not tolerated, condoned or ignored. This multi-faceted approach focuses on command climate; deterrence; and bystander intervention. To prevent more severe crimes in the continuum of harm, we are concentrating our leadership efforts on ending the sexist and destructive behaviors that lead up to them. Our metrics indicate that Sailors are reporting unacceptable behavior and that commands are taking it seriously.

We will continue to measure, through surveys and reports, prevalence data, command climate and perceptions of leadership support, investigation length, and victim experience with our response and investigative system. We also measure key statistics about the investigative and adjudication process itself, such as length of time from report to outcome, as we continue to ensure a balanced military justice system for all involved. These metrics will be utilized to further improve and refine our prevention strategy, as well as inform a DOD-wide report to the President due in December 2014.

Every Sailor and Navy Civilian deserves to work in an environment of dignity, respect, and trust. We hold our leaders accountable for creating a command climate that promotes these basic principles and thereby reduces the likelihood of an environment where sexual harassment might occur. We are strengthening our sexual harassment prevention policy by separating it from Equal Opportunity and aligning it with previous SAPR policy amendments, which have resulted in increased trust in our system to report incidents.

When sexual assaults do occur, we ensure the victims' rights and preferences are respected throughout the investigative and disposition processes. In October 2013, we established the Victims' Legal Counsel (VLC) Program. The program is currently staffed by 25 Navy judge advocates acting as VLC, providing legal advice and representation to victims. The program will eventually expand to 29 VLC located on 23 different installations, and VLC services are already available to all eligible victims worldwide. Our VLC work to protect and preserve the rights and interests of sexual assault victims, and in the case of investigation and prosecution, to ensure victims understand the process, can exercise their rights, and are able to have a voice in the process.

However, work remains to be done. Despite 80% of Sailors reporting confidence in the Navy's response system to sexual assault and 86% agreeing that the Navy and their individual commands are taking actions to prevent sexual assault, nearly 50% cite "fear of public exposure"

or "shame" as barriers to reporting. We continue to seek ways to overcome these perceived barriers.

We greatly appreciate Congress' interest and support in our efforts to combat sexual assault, particularly the measures contained in the NDAA for FY 2014. We are fully engaged in implementing the new requirements and we believe that given time to measure progress following full implementation, we will be able to better assess whether any additional legislative or policy measures are required. We remain committed to eradicating sexual assault within our ranks and ensuring that sexual assault cases are processed through a fair, effective, and efficient military justice system. We must ensure that all changes to the system do not adversely impact the interests of justice, the rights of crime victims, or the due process rights of the accused.

Suicide. Another critical problem we are focused on is suicides. Suicides in the Navy declined last year by 28%, from 65 in 2012 to 47 in 2013. This is cautiously optimistic, but one suicide is still one too many. Preventing suicide is a command-led effort that leverages a comprehensive array of outreach and education. We cannot tell precisely what combination of factors compel an individual to contemplate suicide, so we address it by elevating our awareness and responsiveness to individuals we believe may be in trouble. For example, all Sailors learn about bystander intervention tool known as "A.C.T." (Ask – Care – Treat) to identify and encourage at-risk shipmates to seek support. We also know that investing in the resilience of our people helps them deal with any challenge they may face.

Resilience. Our research shows that a Sailor's ability to steadily build resilience is a key factor in navigating stressful situations. Education and prevention initiatives train Sailors to recognize operational stress early and to use tools to manage and reduce its effects. Our Operational Stress Control (OSC) program is the foundation of our efforts to teach Sailors to recognize stressors in their lives and mitigate them before they become crises. In the past year, we expanded our training capacity by 50% and increased OSC mobile training teams (MTT) from four to six. These MTT visit each command within six months of deployment and teach Sailors resiliency practices to better manage stress and avoid paths that lead to destructive behaviors.

In addition, we are strengthening support to Sailors who are deployed in unfamiliar surroundings. We have started a program to assign trained and certified professionals as Deployed Resiliency Counselors (DRC) to our largest ships, the CVN and LHA/D. DRC are credentialed clinical counselors that can assist or provide support to Sailors who are coping with or suffering from common life events, common life stressors, and discrete traumatic events that may include sexual assault. This initiative extends the reach of Navy's resiliency programs to deployed commands and allows a "warm hand-off" to shore services when the Sailor returns to homeport.

Character Development. At all levels in the Navy, leadership, character, and integrity form the foundation of who we are and what we do. These bedrock principles are supported by our culture of accountability, command authority, and personal responsibility. Leadership failures and integrity shortfalls undermine our organization and erode public trust. We will continue to reinforce standards and hold those who violate the rules appropriately accountable.

One avenue by which we instill character and ethics in our leaders is by teaching ethics education and character development in the College of Operational and Strategic Leadership at the Naval War College. Building on this effort and other guidance to the force, in January 2013, I approved the *Navy Leader Development Strategy* to promote leader character development, emphasize ethics, and reinforce Navy Core Values. This strategy provides a common framework to develop Navy leaders at every stage of a Sailor's career. We are implementing an integrated framework through a career-long continuum that develops our leaders with the same attentiveness with which we develop our weapons systems. The focus on character development in our professional training continuum has increased, and we employ techniques such as "360 degree" assessments and peer mentoring to help young officers better prepare to be commanding officers. The *Navy Leader Development Strategy* reemphasizes and enhances the leadership, ethics, and professional qualities we desire in our force.

Family Readiness Programs. Family readiness is fully integrated into our Navy's call to be ready. The critical programs which support our families are also overseen by the policy and resourcing lens of our 21st Century Sailor Office. These programs and services assist Sailors and their families with adapting to and coping with the challenges of balancing military commitment with family life. Fleet and family support programs deliver services in four key areas: deployment readiness, crisis response, career support and retention, and sexual assault prevention and response.

This past year, our Family Advocacy program (FAP) has implemented the DoD Incident Determination Committee (IDC) & Clinical Case Staff Meeting (CCSM) model Navy-wide. This model ensures standardization and consistency in child abuse and domestic abuse decision-making. It also guarantees that only those with clinical expertise in child abuse and domestic abuse are involved in determining treatment plans.

Other career and retention support services include the family employment readiness program, personal financial management, and the legislatively mandated Transition Goals, Plan, Success program to assist separating Sailors. Increased stress and longer family separations have amplified program demand and underlined the importance of these support programs and services to ensure the psychological, emotional and financial well-being of returning warriors and their families. Financial issues are still the number one cause of security clearance revocation and our financial counselors have noted an increase in the number of Sailors entering the Service with debt, including student loan debt. We continually monitor the environment for predatory lending practices targeting Service Members and families.

Auditability. To be good stewards of the funding appropriated by Congress, effective internal controls over our business operations and auditability of our outlays is essential. It remains our goal to achieve full financial auditability by the end of FY 2017. Our near-term objective is to achieve audit readiness on the Department of the Navy's Schedule of Business Activity (SBA) in FY 2014, and thus far, eight of the ten components of Navy's SBA have been asserted as audit ready. In the area of property management, the Department has asserted audit readiness for seven of thirteen property subclasses, and four of those have been validated as audit ready. Continuing resolutions and sequestration in FY 2013 and FY 2014 have had no

measurable impact on our ability to meet the FY 2014 SBA auditability mandate, but they have increased risk to our ability to meet the FY 2017 full financial auditability requirement.

Conclusion

We believe it is vital to have a predictable and stable budget to develop and execute an achievable program to conduct the ten primary missions outlined in the DSG, and support the pillars and “rebalance” called for in the QDR.

PB-15 proposes the best balance of Navy capabilities for the authorized amount of funding. It sustains sufficient afloat readiness in today’s Navy but accepts more risk while building a future fleet that is able to conduct full-spectrum operations. I remain deeply concerned that returning to BCA revised caps spending levels in FY 2016 will lead to a Navy that would be too small and lacking in the advanced and asymmetric capabilities needed to conduct the primary missions required by our current guidance: the DSG and the QDR.

SUMMARY STATEMENT OF GENERAL AMOS

Mr. FRELINGHUYSEN. General Amos, thank you for your decades of service.

Of course, you as well, Admiral Greenert.

But this is your last hearing. But thank you for standing strong, representing the Marines. And the floor is yours. Thank you so much.

General AMOS. Thank you, sir.

Mr. Chairman, I am not sure it is my last hearing all total, but—

Mr. FRELINGHUYSEN. Maybe before this committee.

General AMOS. So if you could give me a waiver, I would be happy to—

Mr. FRELINGHUYSEN. We would be happy to give you a waiver.

General AMOS. Sign a chit for me or something like that.

Mr. FRELINGHUYSEN. Be happy to.

General AMOS. Anyway, Mr. Chairman, Ranking Member Visclosky, members of the committee, it is good to be here today, and thanks for the opportunity to tell you a little bit about your Marine Corps as we move into the next year.

Since our founding in 1775, marines have answered the Nation's call, faithfully protecting the American people and maintaining a world-class standard of military excellence. Nothing has changed. We will continue to do the same in the future.

And, yet, we find ourselves at a strategic inflection point. After 12 years of war, we are drawing down our forces in Afghanistan, resetting our institution, and reawakening the soul of our Corps.

Today we are challenged by fiscal uncertainty that threatens both our capacity and capabilities, forcing us to sacrifice our long-term health for near-term readiness.

As I have testified before many times, despite these challenges, I remain committed to fielding the most capable and ready Marine Corps that the Nation is willing to pay for.

Our greatest asset is the individual marine, the young man or woman who wears my cloth. Our unique role as America's signature crisis response force is grounded in the legendary character and warfighting ethos of our people.

As we reset and prepare for future battles, all marines are rededicating themselves to those attributes that carried marines across the wheat fields and into the German machine guns at Belleau Wood in March of 1918, those attributes that enabled raw and combat-inexperienced young Marines to courageously succeed against a determined enemy at America's first offensive operation in the Pacific, the attack at Guadalcanal on August 7, 1942, and, lastly, those timeless strengths of character and gut courage that enabled marines to carry the day in an Iraqi town named Fallujah and against a determined enemy in the Taliban strongholds of Marja and Sangan.

Your Corps is rededicating itself to those timeless attributes. There are simply just four of them: Persistent discipline; faithful obedience to orders and instructions; concerned and engaged leadership 24 hours a day, 7 days a week; and strict adherence to es-

tablished standards. These ironclad imperatives have defined our Corps for 238 years. They will serve us well in the decades to come.

As we gather here today, some 30,000 Marines are forward deployed around the world, promoting peace, protecting our Nation's interests and securing our defense. But we don't do this alone.

Our partnership with the Navy provides America an unmatched naval expeditionary capability that is forward deployed. Our relationship with the Navy is a symbiotic one. My relationship with Admiral John Greenert is, quite frankly, unprecedented.

This is why I share the CNO's concerns about the impacts associated with our marked paucity of capital ships, shipbuilding funds. America's engagement throughout the future security environment of the next 2 decades will be naval in character, make no mistake.

To be forward engaged and to be present when it matters most, we need capital ships and those ships need to be loaded with United States marines. Expeditionary naval forces are our Nation's insurance policy. We are a hedge against uncertainty in an unpredictable world.

The Navy and Marine Corps team provides power projection from the sea, responding immediately to a crisis when success is measured in hours, not in days.

From the typhoon that tragically struck the Philippines last fall to the rescue of the American citizens in South Sudan over Christmas, forward deployed naval forces were there. We carried the day for America.

As the joint force draws down and we conclude combat operations in Afghanistan, some argue that, "Well, we are done with conflict." My view is different.

As evidenced in the events currently unfolding in Central Europe today, the world will remain a dangerous and unpredictable place. There will be no peace dividend for America, nor will there be a shortage of work for its United States marines. Ladies and gentlemen, we will not do less with less. We will do the same with less.

In closing, you have my promise that we will only ask for what we need. We will continue to prioritize and make those hard decisions before ever coming to you and this committee.

Once again, I thank the committee for your continued support for its marines, and I am prepared to answer your questions.

Mr. FRELINGHUYSEN. Thank you, General Amos.

[The written statement of General Amos:]

Not public until released by the
House Appropriations Committee

GENERAL JAMES F. AMOS
COMMANDANT OF THE MARINE CORPS

2014 REPORT TO
THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON DEFENSE
ON
THE POSTURE OF THE UNITED STATES MARINE CORPS
March 25, 2014

Not public until released by the House Appropriations Committee

I. America's Crisis Response Force

The United States Marine Corps is the nation's crisis response force. Since our founding in 1775, Marines have answered the nation's call, faithfully protecting the American people and maintaining a world-class standard of military excellence. Today we are at a strategic inflection point. Fiscal uncertainty has threatened both our capacity and capabilities, forcing us to sacrifice our long-term health for near-term readiness. Despite these fiscal challenges, we remain committed to fielding the most ready Marine Corps the nation can afford. Around the globe Marines stand ready to engage America's adversaries or respond to any emerging crisis. Thanks to the support of Congress, the American people will always be able to count on the Marine Corps to fight and win our nation's battles.

America is a maritime nation: its security, resilience, and economic prosperity are fundamentally linked to the world's oceans. Our naval forces serve to deter and defeat adversaries, strengthen alliances, deny enemies sanctuary, and project global influence. The amphibious and expeditionary components of our naval force allow us to operate with assurance in the world's littoral areas. The Marine Corps and the Navy are prepared to arrive swiftly from the sea and project influence and power when needed. Operating from the sea, we impose significantly less political burden on our partners and allies, while providing options to our nation's leaders. We remain committed to the mission of assuring access for our nation's forces and its partners.

Forward deployed naval forces enable our nation to rapidly respond to crises throughout the world. The ability to engage with partnered nations, through highly trained and self-sustaining forces, maximizes America's effectiveness as a military power. For approximately eight percent of the Department of Defense's (DoD's) budget, the Marines Corps provides an affordable insurance policy for the American people and a highly efficient and effective hedge against global and regional tensions that cause instability. We provide our nation's leaders with time and decision space by responding to today's crisis, with today's forces...TODAY.

Naval Character

We share a rich heritage and maintain a strong partnership with the United States Navy. Together we provide a fundamental pillar of our nation's power and security – the ability to operate freely across the seas. Security is the foundation of our nation's ability to maintain access to foreign markets and grow our economy through trade around the world. The Navy-Marine Corps relationship has never been better; we will continue to advance our shared vision as our nation transitions from protracted wars ashore and returns its focus to the maritime domain.

Throughout more than a decade of sustained operations ashore in Iraq, Afghanistan, and elsewhere, we continued to deploy thousands of Marines aboard amphibious warships around the globe. The Navy and Marine Corps remains postured to provide persistent presence and engagement, maintaining a constant watch for conflict and regional unrest. Well-trained Marine units embarked aboard U.S. Navy warships increase the nation's ability to deter and defend against emerging threats. Our adaptability and flexibility provide unmatched capabilities to combatant commanders.

Unique Roles and Missions

The Marine Corps provides unique, sea-based capabilities to the joint force. Our forward deployed amphibious based Marines have long played a critical role across the full range of military operations. We assure littoral access and enable the introduction of capabilities provided by other military services, government agencies, nongovernmental organizations, allies, and international partners. The stability and vitality of the global economic system is dependent on this capability, especially where our nation's vital interests are challenged.

The Marine Corps provides operating forces that are a balanced air-ground-logistics team. They are responsive, scalable and self-sustaining. As our nation's middle-weight force, we must maintain a high state of readiness, able to respond wherever and whenever the nation requires. Crisis response requires the ability to expand the expeditionary force after its introduction in theater. The Marine Air-Ground Task Force (MAGTF) modular structure lends itself to rapidly right sizing the force as the situation demands, to include a joint or combined force.

II. Our Commitment to the Nation's Defense

Global Crisis Response

At our core, the Marine Corps is the Nation's crisis response force and fulfilling this role is our top priority. We have earned a reputation as the nation's most forward deployed, ready, and flexible force. Our performance over the past decade underscores the fact that responsiveness and versatility are always in demand. Marines formed the leading edge of the U.S. humanitarian response to earthquakes in Pakistan and Haiti, and disasters in the Philippines and Japan, all while fully committed to combat operations in Iraq or Afghanistan.

During 2013, four Marine Expeditionary Units (MEUs) and their partnered Amphibious Ready Groups (ARGs) participated in overseas operations and exercises. These forward deployed amphibious forces – normally built around a three-ship amphibious squadron with 2,200 embarked Marines – provided a uniquely trained and integrated task force, postured to

immediately respond to emerging crises. The Marine Corps has placed increased emphasis over the past several years partnering with coalition nations. Through security cooperation activities we advance mutual strategic goals by building capacity, deterring threats, and enhancing our crisis response capabilities. Throughout the year, ARG-MEUs strengthened our relationships through major exercises and operations with partnered nations which include Saudi Arabia, Kuwait, United Arab Emirates, Jordan, Egypt, Qatar, Oman, India, Thailand, Australia, Japan and the Philippines.

Super Typhoon Haiyan: Typhoon Haiyan struck the Philippines on November 7, 2013 with winds gusting up to 195 mph, the fourth highest ever recorded. Even before the storm reached landfall, Marines and Sailors forward-based in Okinawa were preparing to respond. After returning to home port, elements of the 31st MEU embarked aboard USS *Germantown* and USS *Ashland* to support Typhoon Haiyan Humanitarian Assistance/Disaster Relief operations in the Philippines. Within eight hours, Marine Forces forward based in the Pacific Theater provided the initial humanitarian response. This effort was followed by a Marine Corps led Joint Task Force, to include Marine MV-22 and KC-130J aircraft that flew 1,205 sorties (totaling more than 2,500 flight hours), delivered more than 2,005 tons of relief supplies and evacuated 18,767 Filipinos, 540 American citizens and 301 third country nationals. These efforts were closely coordinated on scene with the US Agency for International Development's office of Foreign Disaster Assistance. With the long-standing partnership and trust built between our two nations, Marines were able to rapidly respond with critically needed capabilities and supplies in times of crisis. This operation underscores the point, that trust is established and nurtured through forward presence...trust cannot be surged.

Special Purpose Marine Air-Ground Task Force-Crisis Response (SP-MAGTF CR):

Forward positioned in Spain, SP-MAGTF-CR Marines are trained and equipped to support a wide range of operations. This unit is unique amongst other crisis response forces because it possesses an organic aviation capability that allows for SP-MAGTF CR to self-deploy. This force is primarily designed to support U.S. and partner security interests throughout the CENTCOM and AFRICOM theaters of operation, to include embassy reinforcement, non-combatant evacuation operations, and tactical recovery of aircraft and personnel. The MV-22's unprecedented agility and operational reach enable the SP-MAGTF-CR to influence these theaters of operation in a matter of hours. In 2013, SP-MAGTF-CR collaborated with local authorities to establish a presence that could rapidly respond to the full spectrum of contingencies within AFRICOM's AOR. SP-MAGTF-CR is also involved in bilateral and multilateral training exercises with regional partners in Europe and Africa.

Late last year, we witnessed the security situation deteriorate within **South Sudan**. Weeks of internal violence threatened to erupt into a civil war as populations were being driven from their homes. On short notice, 150 Marines from the SP-MAGTF-CR flew aboard MV-22

Ospreys over 3,400 miles non-stop to stage for future operations at Camp Lemonier, Djibouti on the Horn of Africa. The next day, Marines flew to Uganda to prepare for a potential non-combatant evacuation operation and to bolster our East Africa Response Force. In January, Marines aboard two KC-130J Hercules aircraft evacuated U.S. embassy personnel from harm's way.

Afghanistan

Marines have been continuously at war in Afghanistan since 2001. In the past year, we have transitioned from counter-insurgency operations to training, advising, and assisting the Afghan National Security Forces (ANSF). With expanding capabilities and increased confidence, the ANSF is firmly in the lead for security in support of the Government of the Islamic Republic of Afghanistan throughout all of Helmand and Nimroz Provinces.

Today, more than 4,000 active and reserve Marines are forward deployed in Regional Command South West (RC (SW)) and in full support of the Afghan National Police (ANP), and Afghan National Army (ANA). In 2013, we reduced our coalition force advisory teams from 43 to 15, and we shifted our emphasis from tactical operations to Brigade-level planning, supply chain management, infrastructure management, and healthcare development. In January 2013, there were over 60 ISAF (principally US, UK, and Georgian) bases in RC (SW). Today only seven remain. In addition, we removed permanent coalition presence in 7 of 12 districts with Marine forces located only in one remaining district center.

Afghan district community councils currently operate in seven Helmand districts which represent 80 percent of the population. As a result, health and education services have markedly improved. With the presidential election approaching in April 2014, we are expecting a higher turnout than the previous presidential elections due to the population's increased understanding of the electoral process. Currently, there are 214 planned polling stations in Helmand Province. The upcoming election will be conducted with limited International Security Assistance Force (ISAF) military assistance.

Asia-Pacific Rebalance

As our nation continues to shift its strategic focus to the Asia-Pacific, it is important to note that the Marine Corps – specifically, III Marine Expeditionary Force (III MEF) – has been forward based there since the 1940s. Marines have a long history in the Pacific, replete with many hard-won victories. We are ideally suited to operate within this maritime region and we are adjusting our force lay-down to support the President's Strategic Guidance for the Department of Defense issued in January 2012. We remain on course to have 22,500 Marines

west of the International Date Line – forward based and operating within the Asia-Pacific theater.

We have the experience, capabilities, and most importantly, the strategic relationships already in place within the region to facilitate the national security strategy. Marines forward deployed and based in the Asia-Pacific Theater conduct more than 70 exercises a year, all designed to increase interoperability with our regional partners, build theater security cooperation, and enhance prosperity and stability in this region. By strategically locating our forces across the region, we enable more active participation in cooperative security and prosperity. No forces are more suited to the Pacific than naval amphibious forces. We envision an Asia-Pacific region where our Marines' presence will continue to build upon the excellent cooperation with our regional partners and allies to advance our common interests and common values.

Security Cooperation

The Marine Corps supports all six Geographic Combatant Commands (GCC) with task-organized forces of Marines who conduct hundreds of Theater Security Cooperation (TSC) activities with the armed forces of more than 50 partner nations each year. Per the Defense Strategic Guidance, our forward-engaged Marines conducted TSC with a focus on building partner capacity, amphibious capability, interoperability for coalition operations, and assured access for U.S. forces. Overall, the Marine Corps participated in over 200 security cooperation engagements in 2013, including TSC exercises, bilateral exercises, and military-to-military engagements.

In September 2013, the Commandant of the Marine Corps, Chief of Naval Operations, and Commandant of the Coast Guard signed the Maritime Security Cooperation Policy (MSCP). This tri-service policy prescribes a planning framework for Marine Corps, Navy, and Coast Guard headquarters, regional components, and force providers with the goal of achieving an integrated maritime approach to security cooperation in support of national security objectives.

Black Sea Rotational Force (BSRF): Forward postured in Romania, the BSRF engages partner nations and operates in multiple countries throughout the Black Sea-Eurasia region. Engagements included peacekeeping operations training events, technical skills familiarization events, and various professional symposia throughout the Caucasus region.

SP-MAGTF-Africa 13 (SP-MAGTF-AF): As a sub-component of SP-MAGTF-CR, SP-MAGTF-Africa 13 is forward based in Italy, consisting of a company-sized Marine element that engages with partnered countries in Africa. SP-MAGTF-AF 13 focused on training African troops primarily in Burundi and Uganda, bolstered militaries attempting to counter groups

affiliated with al-Qaeda operating across the Maghreb region, and provided security force assistance in support of directed Africa Union Mission in Somalia (AMISOM).

Marine Rotational Force – Darwin (MRF-D): In 2013, a company sized element of MRF-D Marines deployed to support PACOM requirements and emphasize the U.S. commitment to the Asia-Pacific region. During their stay in Darwin, Marines conducted bilateral training with the Australian Defense Forces. In conjunction with the 31st Marine Expeditionary Unit – from August through September 2013 – MRF-D supported the bilateral Exercise KOOLENDONG at the Bradshaw Field Training Area in Australia to serve as a proof of concept in preparation for the expected arrival of 1150 Marines in 2014. This next deployment — the first step of Phase II, expands the rotational force from company to battalion sized rotational units. The intent in the coming years is to establish a rotational presence of a Marine Air-Ground Task Force of up to 2,500 Marines. The presence of Marines in Australia reflects the enduring alliance and common security interests in the region and improves interoperability between the United States and Australia

III. Fiscal Year 2015 Budget Priorities

For FY15, the President’s Budget provides \$22.8 billion in our baseline budget, down from our FY14 budget of \$24.2 billion. This budget has been prioritized to support a highly ready and capable Marine Corps focused on crisis response. The capabilities we prioritized in this year’s budget submission protect near-term readiness while addressing some shortfalls in facility sustainment, military construction, equipment recapitalization and modernization. The Marine Corps budget priorities for 2015 include:

Amphibious Combat Vehicle: The development and procurement of the Amphibious Combat Vehicle (ACV) is my top acquisition priority. The modern battlefield requires both highly mobile and armor-protected infantry forces. The ACV will be designed to provide the capabilities required to meet current and future amphibious operations. This program is critical to our ability to conduct surface littoral maneuver and project Marine units from sea to land in any environment; permissive, uncertain, or hostile. The Marine Corps requires a modern, self-deployable, survivable, and affordable amphibious vehicle as a once-in-a-generation replacement for the existing Amphibious Assault Vehicles, which have been in service for more than 40 years.

Marine Aviation: The Marine Corps continues to progress towards a successful transition from 13 types of aircraft to six. This transformation of our aviation combat element will provide the Marine Corps and the future naval force with highly advanced fixed-wing, tilt-rotor, and rotary-wing platforms capable of operating across the full spectrum of combat operations. As the Marine Corps moves towards a future battlefield that is digitally advanced

and connected, the F-35B/C Joint Strike Fighter's (JSF) fifth-generation capabilities will enable the collection, fusion, and dissemination of information to all elements of the MAGTF. Additionally, MV-22 Osprey vertical flight capabilities coupled with the speed, range, and endurance of fixed-wing transports, are enabling effective execution of current missions that were previously unachievable on legacy platforms.

Modernization and sustainment initiatives are required to enhance the capabilities of Marine Aviation's legacy platforms to maintain warfighting relevance. Specifically, modernization and relevancy of F/A-18A-D Hornet and AV-8B Harrier aircraft are vital as the Marine Corps completes the transition to the F-35B Short Take-Off and Vertical Landing (STOVL) JSF in 2030. The F-35B is critical to our ability to conduct future combined arms operations in expeditionary environments.

Resetting our Ground Equipment: We have made significant strides in resetting our equipment after 12 years of wartime wear and tear. We are executing a reset strategy that emphasizes both our commitment to the American taxpayer and the critical linkage of balancing reset and readiness levels. Over 75 percent of the Marine Corps equipment and supplies in RC (SW) have been retrograded. The Marine Corps requires continued funding to complete the reset of equipment still being utilized overseas, to reconstitute home station equipment, and to modernize the force.

The current rate of equipment returning from theater will allow the Corps to reset our ground equipment by 2017, but this will require the continued availability of Overseas Contingency Operations funding for FY15 through FY17 to support our planned schedule of depot level maintenance. We are not asking for everything we want; only what we need. We have consciously chosen to delay elements of modernization to preserve current readiness. These short term solutions cannot be sustained indefinitely without cost to our future capabilities.

Joint Light Tactical Vehicle (JLTV): We remain firmly partnered with the U.S. Army in fielding a Joint Light Tactical Vehicle that lives up to its name, while also being affordable. The JLTV is needed to provide the Marine Corps with modern, expeditionary, light-combat and tactical mobility while increasing the protection of our light vehicle fleet. By replacing only a portion of our High Mobility Multipurpose-Wheeled Vehicle (HMMWV) fleet, the JLTV will help to preserve our expeditionary capability with a modern level of protected mobility.

Military Construction (MILCON): For Fiscal Year (FY) 2015, the Marine Corps is requesting \$331 million for MILCON programs to support warfighting and critical infrastructure improvements. This FY15 budget represents a 61 percent funding level decrease from our FY14 request of \$842 million and a significant decrease from the Marine Corps' previous six year average. Our primary focus is toward the construction of Joint Strike Fighter (F-35B) and

Osprey (MV-22) facilities that support unit relocations to Hawaii and Japan. We have prioritized environmental and safety corrections such as water plant improvements and emergency communication capabilities. Funding is also included for the continued consolidation of the Marine Corps Security Force Regiment and its Fleet Antiterrorism Security Teams from the Norfolk area to Yorktown, Virginia. Finally, we are providing funding to continue the renovation, repairs and modernization of junior enlisted family housing units located in Iwakuni, Japan.

Readiness and Risk in the FY15 Budget

The Marine Corps remains committed to building the most ready force our nation can afford, but this comes at a risk. As our nation continues to face fiscal uncertainty, the Marine Corps is responsibly building a relevant and lean force for the 21st century. The emerging security threats to our Nation demand that America has a globally responsive, truly expeditionary, consistently ready, maritime crisis response force.

While today's fiscal constraints may make us a leaner force, we are committed to maintaining our readiness – the real measure of our ability to meet unforeseen threats. Our innovative spirit, strong leadership, and enduring stewardship of the Nation's resources will guide our modernization efforts. We will invest in our Marines as they are the foundation of the Marine Corps. We will continue to reset our warfighting equipment and reconstitute our force after more than a decade of combat operations. We will maintain our investments in the research and development of new equipment and technologies that ensure our nation's crisis response force remains relevant and ready well into the 21st century.

In a fiscally constrained environment, it is critical that we maximize every taxpayer dollar entrusted to the Marine Corps. Our ability to efficiently manage our budget is directly related to our ability to properly account for every dollar. To that end, for the first time, the Marine Corps achieved an "unqualified" audit opinion from the DoD Inspector General. We became the first military service to receive a clean audit, which provides us with the ability to have a repeatable and defensible process to track, evaluate and certify each dollar we receive. We are particularly pleased that this audit will give the American people confidence in how the Marine Corps spends taxpayer money.

As fiscal realities shrink the Department of Defense's budget, the Marine Corps has forgone some important investments to maintain near-term readiness. To protect near-term readiness, we are taking risks in our infrastructure sustainment and reducing our modernization efforts. These trades cannot be sustained long term and portend future increased costs. As America's crisis response force, however, your Corps does not have a choice. We are required to maintain a posture that facilitates our ability to deploy today. As we continue to face the

possibility of further budget reductions under sequestration, we will be forced into adopting some variation of a less ready, tiered status, within the next few years.

As we enter into FY15 and beyond, we are making necessary trade-offs to protect near-term readiness, but this comes at a risk. Today, more than 60 percent of our non-deployed units are experiencing degraded readiness in their ability to execute core missions. Approximately 65 percent of non-deployed units have equipment shortfalls and 35 percent are experiencing personnel shortfalls necessitated by the effort to ensure that forward deployed units are 100 percent manned and equipped. The primary concern with out-of-balance readiness of our non-deployed operating forces is an increased risk in the timely response to unexpected crises or large-scale contingencies. The small size of the Marine Corps dictates that even non-deployed units must remain ready to respond at all times as they are often the nation's go-to forces when unforeseen crises occur.

The risk to the nation is too great to allow the readiness of the Marine Corps to be degraded. Through Congressional support we will continue to monitor our *Five Pillars of Readiness*: High Quality People, Unit Readiness, Capability and Capacity to Meet the Combatant Command Requirements, Infrastructure Sustainment, and Equipment Modernization. Our current funding levels protect current readiness; however, it does so at the expense of the infrastructure sustainment and equipment modernization efforts, which are keys to protecting future readiness. This is a rational choice given the current fiscal situation, but it is not sustainable over time. Ignoring any of these areas for long periods will hollow the force and create unacceptable risk for our national defense.

IV. Shared Naval Investments

Naval forces control the seas and use that control to project power ashore. The fiscal and security challenges we face demand a seamless and fully integrated Navy-Marine Corps team. Achieving our shared vision of the future naval force requires strong cooperation. Now more than ever, the Navy-Marine team must integrate our capabilities to effectively protect our nation's interests.

Amphibious Warships: The force structure to support the deployment and employment of two Marine Expeditionary Brigades (MEBs) simultaneously is 38 amphibious warfare ships. However, considering fiscal constraints, the Navy and Marine Corps have agreed to sustain a minimum of 33 amphibious warfare ships. The 33-ship force accepts risk in the arrival of combat support and combat service support elements of a Marine Expeditionary Brigade (MEB), as well as meeting the needs of the naval force within today's fiscal limitations.

The LX (R) program is the next major amphibious ship investment necessary to replace our aging fleet of LSDs. As we move forward with this program we should take advantage of the knowledge developed in building the LPD 17 class of ship. It is imperative that this is a warship capable of delivering Marines to an objective in a non-permissive environment. Replacing the LSD with a more capable platform with increased capacity for command and control, aviation operations and maintenance, vehicle storage, and potential for independent operations gives the Geographic Combatant Commander a powerful and versatile tool, and permit independent steaming operations.

Maritime Prepositioning Force (MPF): The second method of deployment for the Marine Expeditionary Brigade is the MPF, which combines the speed of strategic airlift with the high embarkation capacity of strategic sealift. The two remaining Maritime Prepositioning Ship Squadrons (MPSRONS), each designed to facilitate the deployment of one MEB, carry essential combat equipment and supplies to initiate and sustain MEB operations for up to 30 days. With the introduction of the seabasing enabling module, which includes Large Medium Speed Roll-On/Roll-Off (LMSR) vessels, Dry Cargo and Ammunition ships (T-AKE) and Mobile Landing Platforms (MLP), MPSRON-supported forces will have enhanced capability to operate from a seabase.

Ship-to-Shore Connectors: Ship-to-shore connectors move personnel, equipment and supplies, maneuvering from a seabase to the shoreline. These are critical enablers for any seabased force. Modern aerial connectors, such as the MV-22 Osprey extend the operational reach of the seabased force and have revolutionized our ability to operate from the sea. The Navy is in the process of modernizing the surface connector fleet by replacing the aging Landing Craft Air Cushion (LCAC) and the 50-year-old fleet of Landing Craft Utility (LCU). Continued funding of the maintenance and extended service life programs of our existing fleet of connectors as well as investment in recapitalization of the surface connector capability through procurement of the Ship-to-Shore Connector (SSC) and Surface Connector will be critical for future security environments. We need to continue to push science and technology envelopes to develop the next generation of connectors.

V. Our Vision: Redesigning the Marine Corps

As we drawdown the Marine Corps' active component end strength from war time levels of 202,000 Marines, we have taken deliberate steps to construct a force that we can afford to operate and sustain in the emerging fiscal environment. Over the past three years, we have undertaken a series of steps to build our current force plan. In 2010, our Force Structure Review Group utilized the Defense Strategic Guidance and operational plans to determine that the optimum size of the active component Marine Corps should be a force of 186,800. Under the

constraints of the 2011 Budget Control Act and the 2012 Defense Strategic Guidance, we estimated that a force of 182,100 active component Marines could still be afforded with reduced modernization and infrastructure support. More recently, as we entered into the Quadrennial Defense Review (QDR), we came to the difficult conclusion that, under the threat of continued sequestration or some variant, an active duty force of 175,000 Marines (175K) is what our nation can afford, along with very steep cuts to USMC modernization accounts and infrastructure. This significantly reduced force is a “redesigned” Marine Corps capable of meeting steady state requirements. We will still be able to deter or defeat aggression in one region, however with significant strain on the force and increased risk to mission accomplishment.

The redesigned force is built to operate using the familiar Marine Air-Ground Task Force-construct, but it places greater emphasis on the ‘middleweight’ Marine Expeditionary Brigades by establishing standing MEB Headquarters. These MEB Headquarters will be prepared to serve as a ready crisis response general officer-level command element for the joint force. The redesigned force will deploy Special Purpose Marine Air Ground Task Forces (SPMAGTF) and Marine Expeditionary Units (MEU) to provide combatant commanders ready forces for a broad range of missions from forward presence to crisis response.

Maintaining a high state of readiness within the current and near-term fiscal climate will be challenging for Marines and their equipment. For example, the desired 186.8K force supported a 1:3 deployment-to-dwell ratio to meet emerging steady state demands. A redesigned force of 175K reduces that to a 1:2 dwell ratio for our operational units during a peacetime environment. This 1:2 ratio is the same operational tempo we have operated with during much of the past decade while engaged in combat and stability operations in Iraq and Afghanistan.

The redesigned force size implements the Strategic Choices Management Review (SCMR) directed 20 percent headquarters reduction, and it includes the elimination of one 3-star Marine Expeditionary Force Headquarters. Our ground forces will be reduced by one Regimental Headquarters and eight battalions (six infantry, two artillery), as well as a reduction of an additional 27 companies or batteries. Our aviation forces will be reduced by three Group Headquarters and 13 squadrons. Our logistics forces will be reduced by 3,294 Marines (14 percent) and one battalion while conducting an extensive reorganization to gain efficiencies from reduced combat service support resources. In ground force terms, our aggregate cuts across the force comprise a reduction in nearly a Marine Division’s worth of combat power.

The redesigned force will retain the ability to generate seven rotational MEUs, with the capacity to deploy one from the East Coast, one from the West Coast, and one from Okinawa every 6 months. New Special Purpose MAGTF (SP-MAGTF) force structure responds to greater demand for multi-role crisis response forces in several Geographic Combatant Commands under the so-called “New Normal” security environment.

In support of the rebalance to the Pacific, we prioritized our Pacific theater forces and activities in the new force structure. Despite end strength reductions, III Marine Expeditionary Force – our primary force in the Pacific – remains virtually untouched. We also restored Pacific efforts that were gapped during Operation Enduring Freedom, including multiple exercises and large parts of the Unit Deployment Program. A rotational presence in Darwin, Australia also expands engagement opportunities and deterrence effects.

In support of CYBERCOM and in recognition of the importance of cyberspace as a warfighting domain, we are growing our cyberspace operations forces organized into a total of 13 teams by the end of 2016. The teams will provide capabilities to help defend the nation from cyber-attack, provide support to Combatant Commanders, and will bolster the defenses of DoD information networks and the Marine Corps Enterprise network.

Lastly, the Marine Corps remains fully committed to improving embassy security by adding approximately 1,000 **Marine Corps Embassy Security Guards** (MCESG) as requested by Congress. The redesigned force structure consists of the Marines necessary to maintain our steady-state deployments and crisis-response capabilities in the operating forces as well as the additional Marines for MCESG. We have absorbed new mission requirements while reducing our overall force size.

Expeditionary Force 21

Expeditionary Force 21 (EF 21) is the Marine Corps' capstone concept that establishes our vision and goals for the next 10 years and provides a plan for guiding the design and development of the future force. One third of the Marine Corps operating forces will be forward postured. These forces will be task-organized into a greater variety of formations, capable of operating from a more diverse array of ships dispersed over wider areas, in order to meet the Combatant Commanders' security cooperation and partner engagement requirements. In the event of crises, we will be able to composite these distributed formations into larger, cohesive naval formations.

Expeditionary Force 21 will inform future decisions regarding how we will adjust our organizational structure to exploit the value of regionally focused forces. A fixed geographic orientation will facilitate Marine Commanders and their staffs with more frequent interactions with theater- and component-level organizations, establishing professional bonds and a shared sense of the area's challenges and opportunities.

Expeditionary Force 21 provides the basis for future Navy and Marine Corps capability development to meet the challenges of the 21st Century. The vision for Expeditionary Force 21 is to provide guidance for how the Marine Corps will be postured, organized, trained, and

equipped to fulfill the responsibilities and missions required around the world. Through Expeditionary Force 21 we intend to operate from the sea and provide the right sized force in the right place, at the right time.

VI. The Reawakening

As we drawdown our force and focus the Marine Corps toward the future, we see an opportunity to re-set our warfighting institution and foster a *Reawakening* within our Corps. For the past 12 years of war, Marines have performed heroically on the battlefield. In Iraq and Afghanistan, Marines have carried on the Corps' legacy of warfighting prowess, and every Marine should be proud of that accomplishment. But as the preponderance of our Marine forces return from Afghanistan and we are focusing our efforts on the foundations of discipline, faithfulness, self-excellence and concerned leadership that have made us our Nation's premier, professional fighting force. This is the time to reset and prepare for future battles.

Focus on Values

There is no higher honor, nor more sacred responsibility, than becoming a United States Marine. Our record of accomplishment over a decade of conflict will be in vain if we do not adhere to our core values. Our time honored tradition and culture bears witness to the legions of Marines who have gone before and who have kept our honor clean. Marine Corps leadership has long recognized that when resetting the force following sustained combat, Marines must embrace change. We are mindful of the many challenges that lie ahead; there is much work left to be done.

Our purposeful and broad-range efforts to reset the Corps have to be successful. We must retain our focused observance to the basic principles and values of our Corps. We refer to them as the soul of our Corps. As such, all Marines are rededicating themselves to *persistent discipline; faithful obedience to orders and instructions; concerned and engaged leadership; and strict adherence to standards*. These iron-clad imperatives have defined our Corps for 238 years. As we reset and *Reawaken* the Corps, our focus on the individual soul of the Corps is crucial.

The Marine Corps is fully committed to improve diversity and opportunity for the men and women who wear our uniform and we are actively seeking innovative solutions to improve our Corps. Over the last year, I have personally sought out successful women leaders in the corporate sector to help us better understand how they are achieving success in the areas of diversity, inclusion and integration of women in the workplace. This has paid immeasurable dividends, as we have gained a better appreciation for the dynamics on how to address and positively affect culture change within our ranks.

Marine Corps Force Integration

The Marine Corps continues its deliberate, measured, and responsible approach to researching, setting conditions, and integrating female Marines in ground combat arms Military Occupational Specialties (MOS) and units. We welcome the chance to broaden career opportunities for all Marines that the Secretary of Defense's overturning of the Direct Ground Combat Assignment Rule offers us. Beginning in 2012, we assigned qualified female Marine officers and Staff Non-Commissioned Officers (SNCO) to 21 previously closed combat arms battalions in the assault amphibian, tank, artillery, low-altitude air defense and combat engineer fields. Since the elimination of the assignment policy restriction last year, we began conducting infantry-specific research by providing an opportunity for female officer volunteers to attend the Infantry Officer Course (IOC) following completion of initial officer training at The Basic School.

In 2013, we continued this infantry-specific research by providing an opportunity for enlisted female Marine volunteers to attend the Infantry Training Battalion (ITB) following graduation from recruit training. As a result of these assignment and early training assessments, the Marine Corps currently offers opportunities to female Marines in 39 of 42 occupational fields representing over 90 percent of our primary individual MOSs and in more than 141,000 positions world-wide. Know that your Marine Corps will continue to maintain high levels of combat readiness, while integrating female Marines into previously closed occupational fields and units to the maximum extent possible. We will continue to conduct the research and assessment of these integration efforts to ensure all Marines are provided an equitable opportunity for success in their chosen career path.

Sexual Assault Prevention and Response

Sexual assault is criminal behavior that has no place in our Corps; we are aggressively taking steps to eradicate it. Over the past two years, we have tackled the sexual assault problem head on and have seen measurable improvements in three specific areas – prevention, reporting, and offender accountability.

The Marine Corps continues to implement its Sexual Assault Prevention and Response Campaign Plan. Launched in June 2012, the SAPR Campaign Plan called for large-scale institutional reforms, to include the implementation of SAPR training programs on an unprecedented scale and frequency. This includes the continued refinement of prevention training Corps-wide, while strengthening capabilities for victim care, offender accountability, and program assessment. Our reforms have yielded many positive results that affect Marines on an individual level, while steadily transforming the Corps into a leading institution in both

preventing and responding to this crime. The most promising result of the Campaign Plan thus far has been the continued rise in reporting.

In FY13, reports of sexual assault in the Marine Corps increased by 86 percent continuing a trend started in FY12, which saw a 31 percent reporting increase. In addition, 20 percent of all FY13 reports were made for incidents that occurred prior to the victim joining the Corps; 17 percent were made for incidents that took place over one year ago. With sexual assault being a historically under-reported crime, we believe that these trends speak directly to the trust and confidence that Marines have in their immediate commanders and the overall Marine Corps' program. These encouraging developments suggest that our efforts are working to increase awareness of SAPR resources and to establish a healthy environment of respect and dignity where victims feel confident in coming forward.

With this increased sexual assault reporting, I anticipated an increased demand within the military justice system. Consistent with this prediction, between FY12 and FY13, the number of child and adult sex offense prosecutions increased from 59 to 119. The number of those cases that were contested increased by over 160 percent. These numbers reinforce the need to continue building and manning a first-rate legal practice in the Marine Corps, comprised of quality judge advocates and legal service specialists, that anticipates and adapts to evolving legal challenges.

In 2012, I restructured the model for the delivery of legal services in the Marine Corps in order to elevate the practice of law and better handle complex cases, such as sexual assaults. This new model does two key things: (1) it centralizes supervision of the military law practice; and (2) it puts more competent and experienced attorneys in charge of the military justice system. Without question, the restructuring of our legal community dramatically improved our performance in prosecuting, defending, and judging sexual assault and other complex trials. I am committed to reinforcing the success gained by this reorganization.

We are continuing to evaluate and assess the new demands placed on our military justice system and our legal community. These include the creation and expansion of the Victims' Legal Counsel Organization (VLCO) and the extension of the requirement to provide military justice experts to the Office of Military Commissions (OMC). To meet these increasing demands and new legislative initiatives affecting our justice system, I have directed an internal review of our retention and assignment policies to ensure we can continue to operate a first class military justice system. This review will have two goals. In the short term, we must ensure we have a sufficient number of qualified judge advocates to confront the immediate requirements. In the long term, we must ensure that judge advocates serve in assignments that will maximize their military justice expertise, while maintaining their credibility and skills as unrestricted Marine Officers, to include operational law and traditional Marine Corps leadership assignments.

Recruiting and Retaining High Quality People

We make Marines, win battles, and return quality citizens back to their homes across America, citizens who, once transformed, will be Marines for life. Your Corps must be comprised of the best and brightest of America's youth. To operate and succeed in volatile and complex environments, Marines must be physically fit, morally strong, and possess the intelligence required to make good decisions and operate advanced weapon systems. It is a complex and ever-evolving profession.

The Marine Corps utilizes a variety of officer and enlisted recruiting processes that stress high mental, moral, and physical standards. Additionally, all processes are continuously evaluated and improved to ensure that recruits meet or exceed the highest standards possible. Retaining the best and most qualified Marines is accomplished through a competitive career designation process for officers, and a thorough evaluation process for enlisted Marines, both of which are designed to measure, analyze, and compare our Marines' performance, leadership and accomplishments.

Civilian Marines

Our civilian Marines serve alongside our Marines all around the world. Our civilian Marine workforce remains the leanest of all services with a ratio of one civilian to every ten active duty Marines (1:10). Additionally, our civilian labor represents less than five percent of the Marine Corps' total Operations and Maintenance (O&M) budget. More than 95 percent of our civilians are located outside the Pentagon at our bases, stations, depots and installations. Civilian Marines provide stability in our training and programs when our Marines rotate between units, demonstrating that our "best value" for the defense dollar applies to the total force.

The Marine Corps supports measures that enhance consistency, efficiency and cost effectiveness of our workforce. Since 2009, we have restrained growth by prioritizing civilian workforce requirements. Additionally, we have realigned resources to retain an affordable and efficient workforce. In reaction to Defense Departmental reductions, we stood up an Executive Steering Group to determine how to minimize stress to our workforce. As we move forward we will continue to keep faith with our all-volunteer force of federal civilians.

VII. Summary

Marines are key components to the range of military missions our national security demands. We are proud of our reputation for frugality and remain one of the best values for the defense dollar. In these times of budget austerity, the nation continues to hold high expectations

of its Marine Corps, and our stewardship of taxpayer dollars. The Marine Corps will continue to meet the needs of the Combatant Commanders as a strategically mobile force optimized for forward-presence, and crisis response.

As we continue to work with Congress, the Department of the Navy, and the Department of Defense, your Marine Corps remains focused on today's fight and the Marines in harm's way. The United States Marine Corps will remain the nation's premier crisis response force. We will remain most ready, when the nation is least ready... always faithful to our Marines, Sailors and families.

SHIP COUNTING RULES

Mr. FRELINGHUYSEN. And I was remiss for not extending condolences of our entire committee for the loss of that sailor in Norfolk, to his family and, obviously, to the Navy family.

I would like to yield the floor to Mr. Crenshaw for the first question.

Mr. CRENSHAW. Thank you, Mr. Chairman.

And let me add my words of welcome to three true friends of the subcommittee. I know I have worked with each of you all and developed what I would describe as a trusted working relationship and, indeed, a friendship.

And I am grateful for that, and I know the subcommittee is grateful for the work that you do, the dedication for the future of our Navy.

I want to say just a personal word of thanks for visiting Northeast Florida, both of you, Admiral Greenert and Secretary Mabus.

I know you were in Northeast Florida/Southeast Georgia over the last couple of weeks, and you know how Navy friendly those communities are.

And I want you to know it is a big deal when you all take the time to not only visit the men and women in uniform, but the communities that support them. That gives them a sense of where your commitment is to the future of the Navy.

One of the things I wanted to kind of talk a little bit about, we have worked on aircraft. We have worked on ships. We have worked on submarines.

But I must say, when I saw the proposed budget, it raised some questions about some of the programs that we worked on, like the P-8 Poseidon program where eight aircraft are being dropped; the E2-D Hawkeye, Advanced Hawkeye, one of those is being dropped; when you look at how are we going to replace the *Ohio*-class submarines; what are we going to do about prepositioning ships that the Marines have; what about the amphibs; questions about that.

But the Chairman runs a pretty tight ship; so, we don't have time to talk about all of that. But I would like to continue that conversation as we develop the subcommittee's final work.

But I would like to talk about just the heart and soul of the Navy, and that is ships.

The first question comes, Secretary Mabus, when you sent up the budget, you also sent up a new way to count ships, and for the first time that I know of you are going to count ships that haven't been counted as part of the count.

And I know the Navy always has a problem making sure that we keep our ship count up because numbers matter. We talk about that. And so, when you count ships you haven't counted before, then you get to increase the size of the fleet without going out and buying a new ship.

I guess at a time when there is talk about decommissioning an aircraft carrier, there is talk about laying up cruisers, skeptical people might say, "Is this just a coincidence that you decided you are going to count ships that you didn't count before?" while maybe that takes some of the attention away from some of the other things that are going on.

So I guess my first question is just common sense. What drove you? What goes behind that decision to decide to count ships, like, I guess, a hospital ship that hadn't been counted as part of that battle group—or battle force? What went into that thinking?

Mr. MABUS. Well, first, Congressman Crenshaw, we talked about this last year. And the Navy always takes a look at how we do our ship counts and we have changed it several times over the past decade or so.

The short answer to why we made this change was it was the ships that were requested by combat commanders, so ships that were requested to be forward deployed. And we have also taken some ships out in this count.

And two examples are we have taken mine countermeasures ships that are not forward deployed out of the count. We put patrol craft that are forward deployed that have been up-armored and up-gunned and are now on patrol in particularly in the Arabian Gulf onto this because this is requested by the combat commander.

One of the things I told this committee last year was that, if we did this, we were going to be completely transparent. So when you get the 30-year shipbuilding plan, you are going to get the old counting rules and the new counting rules. And when I say we are going to get the fleet to 300 ships, I am using the old counting rules.

CRUISER MODERNIZATION/RETIREMENT

Mr. CRENSHAW. I get it.

For instance, I want to ask you about the cruisers because there is also in the budget a proposal to, I guess, lay up—I don't know exactly what that means—lay up 11 cruisers, and I guess they will still be counted.

But here is the question. The last two years the Navy said, "We are going to decommission 7 cruisers," and this subcommittee, trying to be cost-efficient, has said, "Common sense will tell you, if you have got some ships that have useful life remaining, then maybe, rather than decommission them, it might be wise to modernize them and upgrade them and then they would stay in the fleet." And, as you know, we put that in our appropriations bill and said do that.

And this year it was kind of a surprise when we say you should modernize them, then we—I guess this year at least you didn't say, "We are going to decommission them," but you did say, "We are going to take 11 cruisers and put them in what is called, I guess, a lay-up and kind of a phased modernization."

As I understand it, the average time would be 9 years. Some would be modernized in 5 years. Some would be modernized in 12 years.

But if you are going to phase in this modernization, it seems like that is a long time to have these cruisers out of service. I assume they are tied up somewhere with no crew and the weapons systems, et cetera.

So I guess my question is: Is that, you think, the best use of the money that we appropriated? And, I guess, what assurance does this subcommittee have that—it is almost like one foot in the grave.

You say, "We are not"—at least we didn't say we are going to decommission them, but you did say, "We are going to phase in the modernization that might take, on average, 9 years."

So my concern and, I think, the concern of the subcommittee might be that—is this kind of a way to phase in the decommissioning as opposed to actually modernizing them and upgrading them?

Mr. FRELINGHUYSEN. We need some answers here. This is a focal point. And maybe Mr. Crenshaw might not have any more time.

But before we leave here, we need to know how we are going to have this forward presence with a lot of ghost ships that are part of that count.

Mr. MABUS. Well, first, the short answer to your last question is no. It is not a way to try to decommission them.

Second, we are profoundly grateful to this committee and to Congress for giving us the funds to modernize these cruisers.

When we looked at the cruisers that we needed, we need 11 operational at any one time. The most effective way to keep 11 in the fleet—because, if we simply modernized all the ships today, all those cruisers would leave the fleet.

All 22 of them would leave the fleet in the late 2020s. By doing this phased modernization, we will keep those cruisers in the fleet into the 2040s. And we are not laying them up. We are modernizing them.

I know that the concern is that this is just a way for us to decommission them. This is the first step down that road. We will work with this committee in any way you want us to to reassure you that that is not the case.

In fact, our plan is to buy all the materials to do the hull, mechanical and electrical modernization, for these cruisers up front so that the ships begin to be modernized.

Second, we are not taking them out from under the control of the Chief of Naval Operations. Unlike a ship which is laid up which goes under the control of the shipyard, the CNO has command of these ships and can bring them back in if there is a national emergency that requires that.

Third, the reason that we are phasing it the way we are doing it is, as the cruisers that remain forward deployed, operational, retire, as they reach the end of their lives—the ones we are modernizing have the most life left in them.

As the ones that reach the end of their lives, we are doing a one-for-one. As one retires, one comes out of modernization so that we keep the same number—we can keep the same number deployed.

AMPHIBIOUS COMBAT VEHICLE

Mr. FRELINGHUYSEN. This is—no pun intended—a pivotal question, and I suspect others may follow up on Mr. Crenshaw. But I would like at this time to yield to Mr. Moran for some questions.

Mr. MORAN. Thank you very much, Mr. Chairman.

I first want to thank General Amos for the tremendous Marine Corps fellows, Dax and now Catherine, that have put together our questions. So it is really their fault if you don't like these questions.

I also have to say once that, since this is the last time before the committee, Mr. Chairman, I had the great honor of holding the banner with General Amos for the end of the Marine Corps marathon one year. We haven't—

Mr. FRELINGHUYSEN. Have you ever run it?

Mr. MORAN. I did, but not recently. Thanks for asking. I wish you hadn't. I finished in 3:56, but that was in another life. I then threw up in the Pentagon parking lot afterwards.

But this was a true highlight because we had this great pleasure because—I haven't been asked again. I am not sure if you have, General—because we got to talking among ourselves as the female lead runner passed the finish line.

So we wound up in the awkward position of having to run after the lead runner, trying to get in front of her so we could put the banner in front of her so she could run through the finishing banner.

So it was not one of our most glorious achievements. Anyway, I will get back to—that is a true story, isn't it, General?

Let me ask you about the Amphibious Combat Vehicle. The budget has \$106 million in it. We canceled the Expeditionary Fighting Vehicle in 2011 after a \$3 billion investment. So that one hurt.

And we are still trying to replace the Amphibious Assault Vehicle. But after the budget was drafted, you announced, General, that you were going to review the program.

So the question is—we provided \$123 million last year. I am not sure whether that is being used for the Amphibious Combat Vehicle. And we really have to ask, if we are reducing end strength and force structure, do we still need the 573 vehicles?

General AMOS. Congressman, thanks for the opportunity to talk about that.

There was no sleight of hand on that. And you were very generous with your historical memory of the \$3 billion, because my memory of the EFV vehicle was actually more expensive than that when we canceled it. But I will take your number.

Mr. MORAN. The \$3 billion hurts enough.

General AMOS. Yeah.

But that was 15-plus years of effort to produce a vehicle that, in the fall of 2010, the Secretary and I sat down with then-Secretary Gates and said this is unaffordable for a host of reasons.

So we stopped, as you recall, and we said we are going to spend—we are going to put a lot of effort and try to determine the way ahead.

We need a vehicle that swims out the bowels of the ship. You come off the ship one of two ways. You either fly off or you come off in some type of surface craft.

We spent two years in detailed effort on that and we have labeled that program the Amphibious Combat Vehicle. We have put money in the budget for R&D.

A year ago I was getting close to being prepared to make the decision on that, come to Congress, ask you for help. I wasn't satisfied that the absolute final degree of effort had been done.

I knew I was only going to get one more bite at this apple, and I was not about to come to this committee and say, "Let me proffer up something that looks a lot like the one I just canceled."

So we put it back in the sausage factory again, Congressman, I mean, detailed efforts, and it reported out in January. And I sat and fussed with that for about 45 days, wanting to make the right decision.

The money right now that you see in this year and over the FYDP is sufficient to do what I am about to describe. It is just in the wrong cubbyholes. And my folks are going to work with this committee to try to rearrange that. We are not going to ask for any more money.

But, in a nutshell, what we have elected to do is we can build a high water speed vehicle, and we know now that we can do it. The cost of that vehicle is going to be somewhere along the lines of the vehicle that we canceled; so, that is not good.

And, second of all, the compromise on what that vehicle will be able to do ashore with its 13, 17 marines in it, however many marines it is going to carry, was too great. The compromise ashore where the vehicle is going to live 99 percent of its time was too great.

So we elected to switch and go to a wheeled vehicle. And these are commercial, off the shelf, Congressman. They are already being made by several different manufacturers.

So we have put a program in place for what we call an increment one, which will be somewhere probably around 300 vehicles. We are in the process of doing the acquisition work on that right now.

And, sir, these vehicles will be somewhere between \$3 million to \$4.5 million apiece viz 12 to 14. It is the way to go. And they are highly mobile. And that is the direction we are going.

I hope that answers your question.

Mr. MORAN. It does. It did take up all the time, unfortunately, but I am glad you gave us a complete answer. I want to talk about the *George Washington*, too.

Do you think we need to move on, though?

AMPHIBIOUS TRAINING EXERCISES

Mr. FRELINGHUYSEN. I want to give Mr. Kingston a chance to put his oar in the water here. But we are going to hear plenty about the *George Washington*, I can assure you.

Mr. MORAN. Okay. And we will get another round. So I'll move on.

Mr. FRELINGHUYSEN. Thank you.

Mr. KINGSTON.

Mr. KINGSTON. Thank you, Mr. Chairman.

First of all, I want to clarify for the record to my friend, Mr. Crenshaw, that Kings Bay is, in fact, in Georgia and not part of north Florida, although we will be happy to annex Jacksonville, if necessary. But—

Mr. VISCLOSKY. Would the gentleman yield?

Mr. KINGSTON. Absolutely.

Mr. VISCLOSKY. My wife was born and raised in Jacksonville.

Mr. KINGSTON. We are good with her, particularly if she votes the right way.

Mr. FRELINGHUYSEN. Your time is evaporating here.

OHIO-CLASS REPLACEMENT PROGRAM

Mr. KINGSTON. First of all, General Amos, I want to say thank you for all the service that you have given our country and the great leadership that you have shown the men and women of the Marines.

Mr. Secretary and Admiral Greenert, we appreciate your visits to Kings Bay and your support of the nuclear deterrent program and the *Ohio*-class submarine replacement.

Mr. Secretary, I think foremost my question number one would be: Can you assure us that the *Ohio* replacement program, the *Ohio* class, is going to stay on target?

As you know and I say many times in my speeches, that—they are going to be decommissioned in 2028 and the time to build them is not 2027.

F-35C PROGRAM

And then, secondly, I would like you to comment on the F-35C program and the Navy's commitment to it.

And then, thirdly, depending on time, about a year ago a number of us and some members of the authorizing committee went to Operation Bold Alligator, the training exercise, and I think the price tag on that was maybe \$15 million of the exercise.

And it really worries me that the Navy doesn't have the money for large-scale training operations like that, and maybe, if only for the record, if you could say how important those large training operations are, because, as you know, that was all over the eastern part of the country.

Mr. MABUS. If I could take that in reverse order, I will be happy to say for the record how important those large particularly amphibious training exercises are, like Bold Alligator, to, number one, completely mesh the Navy and Marine Corps team, but, number two, to practice the opposed amphibious assaults that our marines are unparalleled and unrivaled in the world in doing.

On the *Ohio*-class replacement program, Congressman, I can say, yes, we are absolutely on track on that both—in this FYDP in terms of the engineering money and the R&D money.

We have to start building that first replacement in 2021 to be ready to go to sea at the end of that decade. We have to have the common missile compartment ready earlier because the British, who are also buying that compartment, will field their replacement submarines first and will test that common missile compartment.

We are driving costs out of the program as aggressively as possible, making sure that we don't compromise any mission areas.

I do think that there needs to be discussion, conversation, in Congress and in the country as to how we pay for the *Ohio*-class replacement program because this is a national program and, if Navy bears it all out of our shipbuilding budget, it will absolutely devastate the rest of the fleet, including the other submarines, including the attack submarines in the fleet, which I don't think is a result that any of us want.

We are committed to the F-35C program and the carrier program. The Marines are first with the B version and we in this

FYDP—or in this budget are buying two C's and six B's, two for the Navy, six for the Marine Corps.

We pushed some tails off purely as a financial measure. It will not affect IOC—initial operating capability—for the first naval squadron. And we feel confident in our ability to bring F-35C's into the fleet while maintaining our current TacAir capability.

Mr. KINGSTON. Thank you.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you.

Ms. McCollum.

MILITARY MISCONDUCT

Ms. MCCOLLUM. Thank you, Mr. Chair.

General Amos, thank you for your service. And I am going to talk about military misconduct. My comments are going to be more directed to the Admiral, but I just want you to know that we will continue to watch the Marine Corps handle its progress towards military misconduct and the way the discipline is met out.

But to Secretary Mabus and Admiral Greenert, I do want to thank you for your leadership. I know this is something that you have been focused on and that an overwhelming majority of our seamen and -women serve honorably and with great distinction. And today we have a heavy heart because of the loss of the sailor that we just heard about this morning.

However, the recent state of high-profile cases of military misconduct within the Navy, we have to confront it. We have to address it.

Widely reported bribery scandals involving two Navy commanders, the cheating incidents in the Navy nuclear power—

Mr. FRELINGHUYSEN. Ms. McCollum, could you just pull your microphone up a little bit?

BRAC

Ms. MCCOLLUM. Thank you, Mr. Chair. [continuing]. And the sexual assault allegations are deeply concerning to me as well as my colleagues on the committee, and we will continue to follow this. But because we are preparing our budget, I wanted to discuss and get some feedback on BRAC.

Secretary Mabus, as you know, the Under Secretary of Defense, Robert Hale, said—and I quote—“We have got at least 25 percent of unneeded infrastructure in the Department of Defense. If we can't get Congress to allow us to close it, we are simply going to waste taxpayers' dollars,” the end of his quote.

He goes on to say that not allowing the closure of this excess infrastructure means the Pentagon—and I quote again—“won't have the money to invest in things like readiness and reducing the numbers of force cuts that are required.” And that is the end of his quote.

So, Secretary Mabus, I would like you to tell me explicitly how much excess infrastructure that you have in the Navy.

And then here is where there is a bit of a contradiction, gentleman, because Admiral Greenert on March 24th in an AP press was quoted as saying that the Navy is not pushing for BRAC.

So, gentleman, can you explain to me what—the Navy’s position on getting rid of excess capacity in order to free up funds for other things like readiness and maintenance and operations as has been discussed by my colleagues earlier?

Mr. MABUS. Thank you, Congresswoman.

Comptroller Hale was obviously speaking for the entire Defense Department when he made that statement.

And while we think that everything ought to be on the table in these fiscally constrained times and that BRAC is a useful tool to take a look at what we have, one of the things that the Navy and Marine Corps has done is, in previous BRAC rounds, we have taken those very seriously and we have ridded ourselves of a good bit of excess capacity that we have.

We will certainly take a very hard look at all our capacities, at all the bases that we have, should Congress authorize a new BRAC round, and we do support the use of that tool. But we think that, in the past, because of past BRAC rounds, we have gotten rid of most of our excess capacity.

Admiral GREENERT. And, ma’am, the context of my comment was speaking at a base about a base, in this case, Mayport.

As you know and as Congressman Crenshaw mentioned earlier, strategic dispersal is important to us. And as Secretary Mabus said, BRAC is a process. It is frequently used as a verb—“You are BRACed”—as a derogatory thing.

The Department of Defense is asking for a BRAC. I support that. It is not a bad process. It is kind of cleansing to look at what you need strategically and in the business case analysis of it.

With regard to our laydown, our strategic dispersal, which I was addressing at the time, I am satisfied with it.

Ms. MCCOLLUM. So, gentlemen, in your opinion, unless ordered to by Congress—because I am confused—Mr. Hale identified 25 percent—could you perhaps talk to Mr. Hale and get us back to what share of the Navy’s 25 percent that is? Because, from what I am hearing today, you say that there’s—possibly none of the 25 percent is in the Navy.

Mr. MABUS. I would be happy to talk to Bob Hale.

And, Congresswoman, I was Governor on the other side of a BRAC process; so, I understand how BRAC processes work.

And to the CNO’s point, they do bring some needed rigor to looking at what bases that we do need.

JOINT STRIKE FIGHTER

Mr. FRELINGHUYSEN. Thank you, Ms. McCollum.

Ms. Granger.

Ms. GRANGER. Thank you, all three of you, for your service and your leadership and for being here to answer our questions this morning.

General Amos, you and I have discussed the Joint Strike Fighter many times, and I certainly appreciate your leadership in keeping the Marine variate on track.

Could you give us an update on how the program is going from your point of view and, also, confirm the Marine Corps’ plan to replace six Harrier losses in Afghanistan with additional Joint Strike Fighters.

General AMOS. Congresswoman, thank you.

To your last point, when we lost the six airplanes in the attack at Bastion airfield about a year and a half ago, there were six Harriers completely destroyed on the line.

Since then, we have brought two of the other Harriers back, and it is my understanding that those two airplanes have not survived what we call the planning and estimating, trying to determine how much damage. So the total is really eight airplanes at this point.

We have put in an OCO request—a request through OCO, through OSD and through OMB to replace those airplanes. We can't buy Harriers anymore. They don't manufacture them. So to buy JSF's with those.

We have certainly—OCO in the past has replaced damaged and lost equipment, whether it be vehicles, whether it be attack helicopters and that. So that is what that is about.

And I don't think a final determination has been made on that. We have included it in our unfunded priority list up to the House. Chairman McKeon asked for that. So you have that. And that is really for just six airplanes, and it is six JSF's.

The program itself is doing well. The GAO, as you are aware, released a report yesterday critical of several things. And they are doing their job. They are doing what they are required to do.

But the airplane for us—we have one squadron completely stood up with 16 airplanes down at Yuma, Arizona. It is our first fleet operational squadron. And we have a training squadron set up in Eglin Air Force Base along with the Navy and the Air Force.

The airplane itself now has over 5,000 flight hours on it, both in developmental testing and the flying that is being done out at Yuma, Arizona. It is still in developmental testing. I mean, we are going to find issues with it.

I talk to the JPO, the Joint Program Officer, all the time, who manages this. We understand where he is with relationship to software, with relationship to the structural integrity of the airplane. We have got a good plan—he does—to continue to fix those things.

It is pressurized. There is no question about it. Just to give you an order of magnitude on software, the F-22 has 2 million lines of software code in it. The JSF has 6 million lines of software code. So it is an order of magnitude greater in complexity.

But it is a tremendous weapons system. It is flying well. And we are still on track at this point to what we do, initial operational capability for our squadron out in Yuma, Arizona, in late summer of 2015.

Ms. GRANGER. Thank you.

AIRCRAFT TIRES

Mr. FRELINGHUYSEN. Thank you, Ms. Granger.

Mr. Ryan.

Mr. RYAN. Thank you, Mr. Chairman.

General Amos, it is sad to see you depart, but I have a feeling that you will still be around. And I want to thank you for your leadership, especially your leadership in the field of resiliency. I know we have talked and met about that a good many times, and I want to just thank you for your leadership on that score as well.

I have a question, Secretary Mabus, on an issue that I have been working on since I got in the Congress a while back, not as far back as when Mr. Moran was running marathons.

But it was——

Mr. MORAN. Before you were born.

Mr. RYAN [continuing]. It is regarding Navy aviation tires.

And the Defense Department tire procurement reform was taken up in 2005 during the BRAC process and, subsequently, the House and Senate Armed Services Committee and this subcommittee and our Senate counterparts.

Those reforms have almost completely eliminated the unfair, uncompetitive and uneven process that used to allow a tire manufacturer to directly contract and manage DOD's tire procurement.

The result, which—means that the company—for example Michelin—has the contract that sells DOD almost exclusively their own tires in this instance.

In the fiscal year 2010 defense appropriations report, we said, “Having a tire manufacturer as the manager as well as the vendor creates a perception of a lack of competition.”

And then we went on to say that the Secretary of Defense will award a new contract and “the new contract should prohibit any tire manufacturer from acting as a prime contractor for the management of the contract.”

The existing Navy aircraft tire contracts are exempted. That existing contract continues and, as this committee said, a perception of the lack of competition continues as well.

Mr. Chairman, I would like to show the Secretary and the committee a chart that puts into stark terms the actions of the existing contractor's actions. The contractor selects their tires 98 percent of the time.

The Navy, for reasons that are not clear to anyone given the language and direction provided by this committee, is at this very moment proceeding with a new tire contract RFP with a tire manufacturer acting as a prime contractor for the management of the contract. It seems as though the Navy believes it received a never-ending exemption.

Mr. Secretary, this budget environment is extremely tight. Let us save the taxpayers some money, conduct business in a uniform way across DOD, provide competitive pricing for your aviation tires, inject fairness, and allow for investment into American manufacturing, one of which has aviation tires all made here in the United States, in Virginia.

You received a letter—and I have it in my hand—signed by 19 members of the House, including 5 members of this subcommittee, asking you to have the Navy employ the process for tire procurement used by the rest of the Defense Department. A letter is also forthcoming from the United States Senate.

Mr. Secretary, the Congress and this subcommittee have been on record on this subject for quite some time. You have this letter from members of the House Armed Services Committee and the Appropriations Committee asking you to act as Congress has previously directed the Navy.

Now, we can do this the easiest way, I think, possible or a harder way, where we end up having to act on this committee and writing it into law.

But can you commit to me and my fellow members concerned in writing you and the membership of this committee that the Navy will abandon its duplicative contracting members and use TSI?

Mr. MABUS. Congressman, what I can commit to you doing is getting you an answer not only to your letter, but, also, to this question in the detail that we should get you the answer and as quickly as is possible. I will do that, and I will make sure personally that is done.

Mr. RYAN. I would appreciate this.

I think this just feeds into—I mean, there is always a level of cynicism on how the government is doing business, and I think this just feeds into that level of cynicism to say, you know, you are going to be in charge of picking and you pick yourself.

I mean, people in Youngstown, Ohio, and Akron, Ohio, they get that. You know? That sounds like a scam to them. And so I would appreciate your response.

And I appreciate the other members of this committee who have signed on to that letter.

And I appreciate the time, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Ryan.

Mr. Calvert.

CIVILIAN WORKFORCE

Mr. CALVERT. Thank you, Mr. Chairman.

I also, General Amos, want to thank you for your service and look forward to your next career, whatever it may be.

This budget proposes significant reductions in the size of our military, particularly the Army and the Corps. While the U.S. military is now 30 percent smaller than at the end of the Cold War and forecast to shrink even further, it has 20 percent more three- and four-star generals.

The fiscal year 2014 Appropriations Act directed the department to provide a report on all direct and support costs associated with general and flag officers.

While reducing the size of the force will save money, it is important that we retain a force that is rightsized with the right mix of personnel, both military and civilian, to accomplish that mission.

Secretary Mabus, Admiral Greenert and General Amos, as you may know, just two weeks ago I introduced an act, the REDUCE Act, which will require DOD to make necessary reductions to its civilian workforce in a systematic manner without compromising our ability to maintain a strong national defense over the long term.

It would provide DOD with the authority to reduce the most non-essential positions and an opportunity to determine which tasks no longer need to be done through a reduction in force.

Currently the United States has 1.3 million active duty military personnel versus 770,000 civilian personnel. I believe that ratio is out of balance.

I would like to ask each one of you: What do you believe is the right mix of civilian and military personnel across your services?

Mr. Secretary.

Mr. MABUS. Congressman, we have been taking a very hard look at this for several years now, and, in fact, we have had our hiring freeze in place last year for civilians, and Marines have had a hiring freeze in place for 2 years for civilians, and we have cut pretty substantially the number of civilians working.

However, having said that, we literally can't put our fleet to sea without the civilian workforce. The 12 people that we lost at the Washington Navy Yard were working as civilians building our fleet. The people that worked with them, 2 days later, were back at work to make sure that we did that.

So I think we have to continue to take a look at both, at the uniformed and at the civilians. But also, one of the things that we are finding, we spend an enormous amount on contracts, on contract services that are not government employees. We spend \$40 billion a year on that, more than all our acquisitions combined. We are absolutely convinced that we can save at least 10 percent a year on that over the FYDP without harming in any way any of our activities.

Mr. CALVERT. General.

General AMOS. Congressman, as my Secretary said, in 2012 we put a hiring freeze on the Marine Corps, on the civilian side of the Marine Corps. In fact, we set thousands of numbers below what we would call the targeted, the right balance. So you ask what is the right balance between Active Duty and civilian Marines. We said several thousand below that number that we have adjusted almost annually to make sure that we have got the right balance. We are the leanest of all the services. We have got the fewest civilians per—and I was just looking through my notes here to get you the exact figure, and I will find it here in a minute—of all the services.

Now, I don't want to be misleading. We use the services of my brother in the Navy with his depots and with his systems commands. So we don't have quite the overhead in civilians, but we look at this twice a year, Congressman, to maintain that right balance.

I will tell you, we are short right now. I don't think it is going to get any better for us. So I guess if you are looking for a force that is already lean, we are there, and I think we are probably going to get leaner over the future.

Mr. CALVERT. Admiral.

Admiral GREENERT. What is a little unique about the Navy, Congressman, is we buy equipment, and we man it as opposed to—and I am talking about military—as opposed to determining the size of the Navy on numbers of people. That is just not what we are about. And it is similar to the Air Force as opposed to the ground forces, and they get people, and then they equip it.

With regard to civilian personnel, as Secretary Mabus said, there are folks there, they are wrench turners, welders, pipe fitters, electricians. If we were to reduce them, well, we just have to bring in military, because that has to get done for the fleet to sail and for aircraft to fly, and, as General Amos said, same with Aircraft Depot.

But to look at this in a broad, more strategic approach, I think that would be great. But we would need some regulatory relief, be-

cause we have to manage higher, if you will, and reduce in force locally, which is different from our military, which we can do. We can put a master plan and look at—

Mr. CALVERT. I worked with former comptrollers—it was their suggestion, by the way—and former Under Secretary of the Department of Defense and former Secretaries of Defense who believe that the ratios are out of balance, and that the Secretary does not have the authority under existing law to make those types of reductions.

And we are not talking about the wrench turners or the folks that are manually working every day; we are talking about a look at the Department, especially in management and the management of middle management and the rest, like civilian workforces have done in private sector over the years to reevaluate the growth in the civilian workforce.

As you know, it has grown by 17 percent in the last 10 years versus the military at approximately 3 percent. And I think, from a business perspective, you need to take a serious look at that and have the tools to make those reductions. And we are talking about 3 percent per year over 5 years in a 770,000 workforce, it would seem to me a reasonable thing that could be accomplished, and it could save over 10 years approximately \$170 billion and keep that in the Department, I think would help sustain the readiness, procurement and troop levels.

Admiral GREENERT. Armed with that sort of authority, if you will, and guidance, we could do that. But heretofore things have been done so homogeneous that we would go to these shipyards and say, you are frozen, I can't hire a wrench turner, when the target may be support. And so until we can change that, the baby goes out with the bathwater.

Mr. CALVERT. And that is the intent of this legislation.

Mr. FRELINGHUYSEN. It is worth a look. Please take a look at Mr. Calvert's proposal.

Mr. Cole.

E-6 AIRCRAFT

Mr. COLE. Thank you, Mr. Chairman.

Thank you, gentlemen, all three of you, for your terrific service to our country in so many different capacities.

Two quick points to make and then a bigger, unrelated question. To my friend Mr. Ryan, not as a corrective and not to undermine your point at all, but I do want to just point out Michelin has a lot of factories in America. One of them is in my district; it is actually the largest single site in Oklahoma. Now, we don't make aviation tires there, but it is over 2,200 jobs. So they are a good company with a great presence in the United States.

I would like to know, and we have been trying to go through the budget to determine, do you have any plans in terms of downsizing or changing the E-6 Communications Wing that you have at Tinker Air Force Base now?

Admiral GREENERT. No, sir, we don't. To my knowledge, we don't. We sized that base. It is all part of the—as you know, the sea-based strategic deterrent; and the support, that is the command-and-control feature.

Mr. COLE. Right.

Admiral GREENERT. So we are required to have a number of air-borne—you can call it an orbit, however you want, and everything fits around that just like SSBNs at sea.

CAPABILITIES OF CHINA

Mr. COLE. Thank you very much.

Let me switch it pretty dramatically now. Again, you have had to deal with some really pretty tough budget decisions. I appreciate the fact that both the service chiefs in particular used the phrase, I think, you know, the best force that America is willing to pay for, or something like that. I think that is a really important point to be made, and ringing the alarm bell about 2016 can't start too early. Everybody on this committee knows what we are going to be facing if sequester actually does kick back in and what that will mean for your jobs. So thank you for making that point.

I would like you to look outside. While we are going through a pretty difficult downsizing process with our military, that is certainly not true of some of our assets—or potential adversaries that you deal with, particularly in the Western Pacific. So I would like you to give us a quick overview of what you think the Chinese in particular are doing, and whether or not you have what you need to make sure that that remains a stable and hopefully peaceful place, even given all the tension there is in the South China Sea right now.

Admiral GREENERT. Well, the Chinese Navy, as they are very up-front, they intend to build and replace. They are modernizing their fleet. Folks think they are building a larger fleet. Frankly, the size itself is not so much the change; the modernity of the vessels that they have and aircraft and submarines is changing.

I view it with vigilance right now. You can buy all kinds of new stuff. We have done it. Can you operate it? Can you network it? Do you have the people to support it? Can you man, train and equip it? And I watch that closely as I do that.

Secondarily, so what is the strategy here? And that is a frequent topic of us in military talks. I had my Chinese counterpart here in September for a week in the United States, spent the entire week with him, and it was clear to me they want to become what they call, if you will, a world-class navy, therefore the carrier program and others. So they were quite inquisitive. How do you guys do this? How do you build the force to do that? So our asymmetric advantages are people. As we have talked about, the right industrial base you can, you know, build or not. So that is the core of what we are.

Do I have what I need to do what I need to get done, presence-wide? Yes. And I provide this little chartlet. With what we have, we can be where we need to be when it matters. Do we meet the COCOM requests—there are several questions here—no. The COCOM in the Pacific is very clear. He needs greater than two carrier strike groups. With the ships and aircraft that we have, we can provide one, and that is reconciled, if you will, we call it the Adjudicated Global Force Management Plan.

My concern is if we go to Budget Control Act caps, we will have difficulty just keeping one in the Pacific and one in the Arabian

Gulf, and we will at times go below that. We won't be able to build with the industrial base that we need. And perhaps more importantly, when contingencies occur, the ability to respond with the right capacity, with the right capability, on time, all of those three are very important, won't be there like the combatant commanders say it needs to be at a Budget Control Act level, if you will, at sequestration.

Mr. COLE. Thank you, Mr. Chairman.

ACCEPTABLE RISK LEVELS

Mr. FRELINGHUYSEN. Thank you.

Mr. Womack.

Mr. WOMACK. Thank you, Mr. Chairman.

My thanks to the gentlemen. I will start with a thank you.

And I want to thank General Amos. In late January, you visited my district. It was part of one of your initiatives that brought you there, but I have got to tell you, the luncheon that you spoke at that normally seats about 350 people had over 900 that day, and a number of marines were there, old and young alike, that made a lot of difference in their lives, and I just want to thank you publicly for taking the time to do that.

My question is for the panel, starting with the Secretary, and it is kind of a follow-up to what Mr. Cole has just broached. What we are doing today is we are trying to address real or perceived or emerging threats based on budget constraints, and that is just a business that we always have to do.

So my question is really simple: When you speak to us, you are speaking to the American people. What is an acceptable level of risk that we can take, given the spectrum of things that you have to have the capacity to respond to, sometimes surprisingly? What is that acceptable level of risk, and are we getting to an unacceptable level of risk particularly when we see just around the corner the potential for the resumption of sequestration in fiscal year 2016?

Mr. Secretary, I would offer the floor to you first and then as the two gentlemen to your left and right might be willing to respond.

Mr. MABUS. Thank you, Congressman.

The budget that we put forward, I think the short answer is we have an acceptable level of risk. There is a level of risk, and we have tried to articulate that level, and it goes to several factors. The concern that we have, which the CNO has talked about earlier today, is if in fiscal year 2016 we go back to sequester levels, that level of risk goes up, and it goes up pretty dramatically in terms of numbers of ships that we have, in terms of the assets that we can put forward, in terms of the stress that it puts on, in terms of our modernization programs, in terms of our weapons programs, in terms of so many programs that we have that we simply couldn't get the things that we need when we need them.

So our concern is not so much for 2015, the budget that we are talking about right now, because we do think we can manage that risk, because it has been. Thanks to this committee and thanks to Congress, we have these 2 years, 2014 and 2015, to do some planning and to set some priorities. It is from 2016 out and, if it does return to those sequester levels, the problems that that will cause.

General AMOS. Congressman, I think knowing that risk and readiness would probably be a key part of today's discussion, I spent a bit of time last night thinking about how I could describe that so it would make sense. If you would allow me, please, to talk just as a service chief how I look at readiness to begin with, and then I will transition to risk, because I think they are absolutely related, because one will drive the other.

The matter of readiness for my service, the Marine Corps, is measured in people, people readiness; in other words, everything from their preparedness to deploy, everything from as simple as dental readiness and medical readiness to their family readiness. Are they set and ready to go? Are the right people, the right ranks, the right experience levels? Do they have the right noncommissioned officers in charge of young marines, what I call baby marines, the ones that have just joined? Do I have the right staff NCOs? So it is people readiness, and it is equipment readiness.

And the equipment readiness is mechanical. It is I have a piece of gear; I have got a Humvee; I have got an MRAP. Is it up? Is it operating? And if it is not, is it partially mission capable? We do that in airplanes. Can we fly the airplane on some missions, or is it completely grounded, is it down?

So it is people, it is equipment readiness, and both of those, in particular the second one, require a lot of operations of maintenance money. It is parts. It is support. It is that kind of thing.

The next one is training readiness, and that is taking those marines and being able to put them through the training syllabus and ensure that they are at a—what we would call at the highest state of readiness before they go to deploy, if they are going to deploy in combat. I have told this subcommittee many, many times, those marines that are forward deployed in Afghanistan and those that have gone before in Iraq are my highest priority, so they will always go ready. So it is training readiness is the next piece.

Then there is what we call bases and stations, which is often overlooked, because that is where our training ranges are; that is where our facilities are; that is where all that home station support is that takes those squadrons and battalions and sets the conditions so that they can train, they can deploy, they can deploy and know that their families are going to be cared for back in the rear.

And the last part is tied to what I just talked about, and that is family readiness. Are the programs set so that when that unit deploys on a moment's notice, that the family is plugged into a network, and they are going to be cared for, and information is going to flow.

So that is the readiness kind of Rubik's Cube that we work in as commanders, and I certainly do within my force.

You transition to risk now. First of all, risk is a judgment call by the individual. I try to pass this to somebody, but it is. The other thing I would say is that risk is not necessarily a point on a continuum; it is a space on a continuum between high risk and probably low risk. Somewhere in there is moderate risk in there we would probably describe as acceptable risk, and it would be, in my case, you know, a certain size force, and I can talk about that in a minute.

But risk is a function of the total capacity of the force; in other words, it is numbers of units, the capacity, the numbers of ships, the numbers of marines, battalions, squadrons to be able to do something that the Nation wants it to do. So that is the first part in the calculus of risk.

The second part of it is the levels of readiness, which I just got done talking about. That fits in the risk equation. And those levels of readiness are readiness for forward-deployed units, readiness for those next-to-deploy units, and those readiness of those units that are, frankly, maybe a year from now. And this is where we are beginning to feel the pinch is those units that are at home station that are not in the queue that start deploying because they are in a low state of readiness right now.

So the next piece of risk is the ability to build combat power over time; in other words, how quickly can I move forces? We have always got forward forces deployed, you know that. Thirty thousand marines. John Greenert has got his ships forward deployed, and we are out there. But how quickly, in case we need something for a large-scale operation, can I build that combat power up? How do I get it there? Do I sail it? Do I put it on airplanes? Where does the equipment come from? How quickly can I build that? So that is an element of risk.

And then the next thing, quite honestly, is the sustainment ability both in people, combat replacements, and the ability to get parts; the ability to get stuff forward to fix things; the ability to provide meals ready to eat, water, batteries, fuel, ammunition; and then how quickly can I get those combat replacements to people that are wounded or we have lost in action, and we have got to replace them in a unit. So those are all parts of the things that count that fit in the calculus of risk.

In my service we sit at about 193,000 marines today. We are on our way down to 175,000. That 175,000k force was built and designed around full sequestration. That is a force that is highly ready. I have gone into bases and stations, pulled money out of maintenance and facilities, and put them into these deploying units, so they are ready. But the ones that aren't deploying, I have taken money away from them; I have taken money away from the bases and stations. There is risk there, but there is not risk for those that are forward deployed and ready to go. They are at a high state of readiness.

Mr. FRELINGHUYSEN. General, I need to make sure I recognize Mr. Visclosky at some point. I want to get to this issue through my own questions, too. But this is a critical issue here, whether this is budget driven or military requirements driven, but I think we are getting some of the answers we need.

Mr. WOMACK. And I appreciate the gentleman for his remarks.

Just a quick point I think we all need to remember: Risk can go on or off pretty quickly, but capacity to address the risk is not an on/off switch, and that is where I base most of my concerns.

And I yield the floor.

OVERSEAS CONTINGENCY OPERATIONS

Mr. FRELINGHUYSEN. We share your concerns, and I don't mean to cut anyone short, but I want to make sure we all get some questions here.

Mr. VISCLOSKY.

Mr. VISCLOSKY. Chairman, thank you very much.

General Amos, I want to join the chairman and my colleagues in thanking you for your service to this country as well as your colleagues on the panel, and also join the chair and my colleagues in extending my personal and all of our sympathy on the death of the sailor yesterday.

General Amos, you mentioned in response to Ms. Granger's question a number of aircraft and suggested that a request was submitted for the overseas contingencies operation. We face a very difficult task because there is a placeholder for \$79 billion for next fiscal year. And our bill hopefully will be on the House floor, and there will be a placeholder for \$79 billion that is as of this moment undefined. That is going to be a very difficult problem to address.

There is a theory that there is a bridge that the administration is considering for the last 3 months of this calendar year as well as a supplemental. But the question I would ask today is, Secretary and Officers, has the Navy/Marine Corps contributed assumptions or analyses that are contained in that placeholder? There was a specific mention of a request for aircraft in OCO. What is in OCO for the Navy and Marine Corps for fiscal year 2015?

Mr. MABUS. I will give you a very specific answer to your very specific question. Yes, we have contributed information into the OCO request. As you know, it is not final yet, and we put the things in that we thought were appropriate to be put in to an overseas contingency operation request, things that were related to our combat operations, particularly in Afghanistan.

Mr. VISCLOSKY. I appreciate you answering my question. That is why you are Secretary of the Navy.

Could I ask, have you submitted options? Because there appears to be an operative theory that at some point after an election and/or runoff, an agreement will be signed, but that if an agreement is not signed, there is a so-called zero option that the President of the United States has talked about. Would your request in that instance be different than the ones that you have submitted to date?

General AMOS. Sir, there is no question about it, and that is a little bit of the unknown right now, is this going to be a zero option, or will there be enduring force presence? If there is enduring force presence, it is going to require OCO; if it doesn't, then the actual OCO to deploy and train those forces in Afghanistan or sustain them there will go away.

But the requirement to reset the Marine Corps will not go away; that will be 2 to 3 years. And I have sat before this committee many, many times and talked about that, and we are now down to about \$1.3 billion worth of requirements to reset the Marine Corps. That is from about 15.5 billion years ago when Chairman Murtha sat here. So we have come a long ways to reset, but there are—there will be some OCO requirements, sir, as a result of once we even come out of Afghanistan.

Mr. VISCLOSKY. And on the reset, because the roles are changing place, and we obviously face some very difficult circumstances with Russia and the impact that has as far as their influence on some of the former republics that are contiguous to Afghanistan, is that factored in as to any possible fluctuation in your cost on reset if that becomes more difficult as far as transit of equipment north?

General AMOS. Congressman, we have got forward deployed forces in that—in the Persian Gulf area, and we are looking at putting a Special Purpose Marine Air-Ground Task Force on the ground somewhere there for the combatant commander. Those will be covered in our——

Mr. VISCLOSKY. I am talking about transit out of Afghanistan as far as the reset——

General AMOS. Pardon?

Mr. VISCLOSKY [continuing]. And the lack of options potentially based on Russians' activity with some of the nations that border Afghanistan.

General AMOS. Sir, we have not put any money in there for options.

Mr. MABUS. Congressman, the Marines have more than 75 percent—in fact, it is getting close to 80 percent of their equipment has already gotten out of Afghanistan. They took their weapons out of Iraq, and they have had a detailed plan now for some time, and they have moved equipment out. So the risk to them in terms of the way you take it out is—it is not completely gone, but because of what they have done, it is much smaller.

Mr. VISCLOSKY. Thank you very much.

Thank you, Mr. Chairman.

SIZE OF THE MARINE CORPS

Mr. FRELINGHUYSEN. Following up on Mr. Visclosky's question, and this may be a focus on the Marines. And let me thank you for reminding us of the Marine Corps' ethos and invoking Belleau Wood, and mentioning, obviously, Fallujah, which was one of the most remarkable battles and successful battles that the Marines were ever involved in. I don't think we will ever forget the level of sacrifice that was identified in Iraq.

I would like to ask, relative to the size of the Marine force going forward, to some extent the forces of all of our military are directly related to our withdrawal of U.S. Forces in Iraq. What do you see, General Amos, as the laydown—maybe that is not the proper term—but the blueprint of where the Marines are going to be over the next couple of years?

And I am not talking about as a result of the, you know, potential of continuing resolutions and sequesters, but relative to military, you know, the military obligation, what you see out there. I know sometimes we are taking a look at what the Russians are doing. That was unanticipated to some extent, it appears. The Chinese, with all due respect, are still on the high seas doing things to deny us access in areas, and our allies. Give us a blueprint as to where you think the Marines are over the next couple of years.

General AMOS. Thank you, Chairman.

I think we will always have somewhere between 30- to 40,000 Marines forward deployed at all times. We will continue in this

budget, even the fully sequestered budget, we will have seven Marine expeditionary units, the same number we have today, which are those ships and marines that are forward deployed on a rotation basis. We have three MUEs out right now; Admiral Greenert has his ships out, one in the Pacific, one in the Persian Gulf area, and one on its way home, coming up through the Mediterranean. So they will always be there. So that hasn't changed.

And we will have 22,500 marines west of the International Date Line. That doesn't include Hawaii. That is starting up north in Iwakuni, Okinawa, Guam and down in Australia. And we are realigning that, as you are aware right now. Today we have pretty close to about 20,000 marines west of the International Date Line. So they will be there. They will be forward deployed, and they will be ready.

What we have built, and we have one already in existence, it is called a Special Purpose Marine Air-Ground Task Force Crisis Response, and it sits in the European theater right now by the graciousness of the country of Spain. They have been very good to our country, allow us to position our forces there and to operate into the African Continent.

And General Rodriguez uses them. They were down in the South Sudan, they rescued the Americans out of there, and they are his crisis response force. We have money, and they will be positioned available there. We are going to build one of those for General Lloyd Austin. It has to be approved by the Secretary of Defense, and so we are offering that up. And we are looking at building one of those down in South America for General Kelly. So the marines will be positioned all around, Chairman, and that is our—

Mr. FRELINGHUYSEN. So what the Secretary talked earlier in the morning about, you will be an essential part of what he described as the innovative combinations that are being used now and will be structured in the future to meet a potential aggression and crises. So you are essentially part of that, which sort of begs the question here, and I say this respectfully, we know that the Marines will do anything at any time for our country and have done it time and time again. You have always been the point of the spear. You are remarkable. What is your relationship with—and I know you are part of that relationship—with our special operators, who also do remarkable work, and who now have a greater role in this budget scenario? In other words, you are being reduced, and we are making substantial investments in cyber warfare, we are making investments, and no one is against them in the role of our special operators. Where are you in that mix?

General AMOS. Chairman, we have 25-, almost 2,600 marines that are part of Marine Special Operations Command. They are under the command and control of Admiral Bill McRaven, the Commander of Special Operations Command down in Tampa. They are just like SEALs, they are just like the Rangers, the other forces that he owns. They are highly trained, and they are our contribution.

And they have a general role as Special Operations Forces, but the synergy here is they have unique tentacles back to us. And so we have just agreed, Admiral McRaven and Admiral Greenert and I, that we will put some of those on Navy ships, on Marine expedi-

tionary units, on amphibious ready groups, and they will be in concert working with these special operators as they travel around.

So it is a symbiotic relationship, and, sir, we are all in on it. I think we have got the right amount. I get asked that question all the time, do you have too many, do you have not enough? Right now for the budget that we have and the roles and missions, I think we have got the right amount.

SPECIAL PURPOSE AIR-GROUND TASK FORCE

Mr. FRELINGHUYSEN. Ms. Granger, any further questions?

Ms. GRANGER. Yes.

General Amos, we have seen and heard from the Navy on the need for more amphibious ships; however, as I understand it, you began filling this critical amphibious gap with land-based crisis response forces, particularly in Africa. And my question is will the Marine Corps continue to develop these Special Purpose Air-Ground Task Forces throughout the world, and do you feel the air support at your disposal is adequate to continue those missions?

General AMOS. Congresswoman, I think we will. I think it is a sign of the future. It is the sign of kind of this what people are calling the new norm. We want to be relevant based on what the needs are for the combatant commanders, what the real world has unveiled. After the Libyan tragedy with Ambassador Stevens, we sat back and within my service said, is there anything that we can do in the future?

And two things came to mind. One was, with the help of Congress, was to authorize another 1,000 Marines in the Marine Security Guard detachment, which we have done and we are in the process of. It is turning out to be very successful so far. The second was what if they had a force that was on the ground somewhere or at sea, ideally it would be at sea, that could react in the event the combatant commander has a need?

And that is what this is all about. And so this is in anticipation of can we provide something for future requirements. So I think we are going to continue to do that. I know that Admiral Greenert and the Secretary are working very hard on the ships. We will probably talk some more about that here. We would like to be on ships. It is just they cost a lot of money, and it is just a function of trying to balance the budget.

Ms. GRANGER. Thank you very much.

AIRCRAFT CARRIERS

Mr. FRELINGHUYSEN. Thank you.

Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

I mentioned that I wanted to ask some questions about the *George Washington*, and we haven't gotten into that, and I know, Admiral and Secretary, that you really do want to get into that subject, so I will give you the opportunity.

We invested \$3 billion into the *George Washington* aircraft carrier back in 1983. The price of a new carrier is now \$10 billion. In this budget you have put 46 million for defueling the ship, but it is going to be \$1 billion if we actually decommission it.

Now, in prior years this subcommittee has provided over half a billion for the planning and advance procurement of these kinds of—you know, for the lead items like the reactor core and for refueling. So we have got an issue here. I know you do, as well, but we need to be able to plan, what are you going to do? It is an enormous cost if we change our mind, as you know.

We don't know whether this ship is going to be inactivated for \$1 billion. We know that this small amount of money is not even a placeholder. Are you going to ask for the additional 800 million to deactivate it, or is it just a situation where we haven't made a decision as yet?

I guess I should ask you, Mr. Secretary. That is why you get paid the big bucks to answer those kinds of questions.

Mr. MABUS. Congressman, to start with, I just don't think it is true that either one of us was at the first marathon.

Mr. MORAN. What?

Mr. MABUS. I don't think either one of us was at the first marathon even though there are rumors that we were there in Greece a couple of thousand years ago.

Mr. MORAN. Oh.

Mr. MABUS. The only thing we have done with the GW is moved the decision 1 year, whether to move—

Mr. MORAN. Move the decision for 1 year, you are saying?

Mr. MABUS. Yes, to move the decision for 1 year. Nothing is going to take place in 2015 that will head in one direction or the other.

Having said that, we very much want to keep the GW, as you pointed out. She was built 25 years ago. She is halfway through her expected life span. Admiral Locklear, the Pacific Command Commander, testified in Congress about the need for us to keep 11 aircraft carriers. We are very aware that there is a law that says we will have 11 aircraft carriers. So it is like gravity: It is not just a good idea; it is a law.

And so we are very aware of all that, and we want to keep that carrier and her associated air wing. To lose that carrier would have implications in terms of our presence, in terms of our surge capacity, in terms of the stress that we put on the remaining carriers, and also on the industrial base in terms of building carriers.

So by moving the decision, completely moving it, we had a year to work with, we will not have an impact on the cost of refueling or defueling, and we will not have an impact on the next carrier coming in to be refueled. And that is why we did it, to give us a little more decision space, to give Congress a little more decision space, because, as you point out, the bill for keeping GW and her air wing and operating her is about \$7 billion over that 5 years beginning in 2016.

Mr. MORAN. Okay. Well, thank you, Mr. Secretary.

Thanks very much, Mr. Chairman.

LITTORAL COMBAT SHIP

Mr. FRELINGHUYSEN. Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

Let me just quickly finish the conversation about cruisers and ask a question. You know, last year we had to find \$25 billion to

take out of our bill to meet all the requirements, and in spite of that, there was money left to modernize those seven cruisers. So you can see from our standpoint, we thought that was pretty important, because it is common sense; if you are going to maintain your fleet without spending a lot of money to buy new ships, you simply maintain, modernize the ships you have.

And so I just want to kind of make that clear that we were pretty clear in our intention. And I think that your proposal probably is within the letter of the law, but I am not sure it follows the spirit of our clear intention to say here is seven cruisers, and here is the money to modernize them and proceed.

So I am hoping that we can work together, because you won't always be—all you three gentlemen, always be sitting there, and you say, okay, we are not really putting one foot in the grave; 9 years, everything is going to be fine. But I have seen times when the Navy said, well, here is an aircraft carrier, and we are going to spend \$350 million to do an availability, and which was done; and then they said, here is 400 million to finish the availability, and then all of a sudden somebody said, well, we need the 400 million somewhere else, we are going to decommission the aircraft carrier and \$350 million down the drain.

So I just want to leave you with that thought, that we would be happy to work with you to kind of understand what our clear intention was. That is just a comment. Doesn't require a response.

Here is my question: I want to talk about the littoral combat ships. You know, that was going to be the ship of the future. And we spent a lot of time and energy developing that ship, and then we decided it is the ship of the future, and we are going to build 52 of these.

And when Secretary Hagel was before the subcommittee a week ago or 2 weeks ago, I said, I see where you have decided to cut back the number of littoral combat ships from 52 to 32. And he said, well, no, we are not really not going to build the last 20 littoral combat ships, we just are only going to contract for the first 32, and then we are going to take another look at the littoral combat ship; maybe we can upgrade it, maybe we can replace it, whatever.

But I always thought that what we do is we try to figure out what we are going to need, and then, to be cost efficient, we buy as many of those as we think we need. So I guess my question is if you decide that maybe it is not exactly what we wanted, and somehow you are going to take a second look, I mean, how did you figure out we will do the first 32, we are tight on money, and somehow in the meantime we are going to decide that there is a better way to do the littoral combat ship or maybe even replace it? It seems to me it is either the ship of the future or it is not. So how did you decide to say we will just do 32 of those, and then we will decide what to do with the next 20?

Mr. FRELINGHUYSEN. We need some answers on that. I mean, respectfully, in our first hearing we didn't get a lot of answers to these questions. So—

Mr. MABUS. Well, I think it is important to—

Mr. VISCLOSKY. If the gentleman would yield, I would associate myself with the question just raised by the chair and the gen-

tleman from Florida. And I guess I would just add, why buy any more?

Mr. MABUS. Well, I think it is important to look at exactly what the Secretary of Defense said, which is don't engage in contract negotiations past 32. That will take us almost all the way through this FYDP on the littoral combat ship as they are being built today. And it is not unusual at all, in fact, we have done it on virtually every ship, to take a look at are we getting the requirements that we need; are we getting the lethality that we need; are we getting the survivability that we need?

And we have done it, the DGG-51s, where we are about to start building the fourth consecutive flight of those, and the ones we are building now are very different from the first ones we have built. Same thing with the Virginia class submarines; we are about to begin to build flight 4 of those. So we are taking a look now, and we will have this answer, you will have this answer in order to inform the 2016 budget.

And the options that he directed me was keep building the LCS, build a modified LCS, or complete the new design. But he also said, take into account cost and take into account delivery time to the fleet, because he said in his statement that we needed to get to this number of small service combatants to meet our war plans, to meet our presence requirements.

So that is the look that we are engaged in now. We will be finished in time to put whatever we find into that. But this is not an unusual thing to do for a class, particularly a new class, of Navy ships. We have just deployed the first one to Singapore, 10-month deployment, came back, had an excellent deployment. We have block buys for 20.

And the last thing I would like to say is one of the things that I am very proud of about the littoral combat ship is that the first of these ships cost north of \$750 million. We have now driven that cost down so that the ships that are coming that we are contracting for now will cost about \$350 million.

And when you add the weapons systems and its cost to the cost of the haul, and the fact that you can switch out these weapon systems, the fact that you don't have to build a new ship as technology changes, they are bringing these ships in at pretty close to what Congress was told they were going to cost in 2002 in 2002 dollars, which I think is a pretty remarkable accomplishment.

Mr. CRENSHAW. And I appreciate that.

Mr. FRELINGHUYSEN. You are suggesting that the deployment to Singapore was an enormous success? I thought it was replete with all sorts of issues.

Mr. MABUS. Any time you have a first ship of a class, we deployed this one early to learn some lessons, but it was available for service at the same rate the rest of the Pacific fleet was available. It performed all the missions that we sent her out there to do—

Mr. FRELINGHUYSEN. If everything is working well—I have endorsed both models—why are we working on version 3 here? The issue is survivability, isn't it?

Mr. MABUS. Again, it is not unusual to do this for Navy ships—

Mr. FRELINGHUYSEN. I know that this is sort of what makes the committee very exasperated and frustrated. I mean, we look at the Army with a ground combat vehicle and messed around with that. With all due respect to the, you know, expeditionary vehicle, we spent a huge investment. I mean, these are sort of what we want to try to eliminate, this type of situation here. I don't mean to jump on your time here, but this is sort of the crux of what we do here. People are looking over our shoulder wondering what is going on here.

Mr. MABUS. Well, as I said, we are driving the cost down on this ship, and we have gotten it down and through competition and through block buys to do that. We are where we need to be in terms of the weapons systems, in their stage of development. But if you look back—

Mr. FRELINGHUYSEN. Well, whatever you put on the ships were for it, but they could be put on the new model as well.

Mr. MABUS. Well, anything that you build, you would have to be modular going forward, because to build these systems in and not be able to change them as technology changes, no matter what kind of ship we build, we can't afford to do that anymore.

Mr. FRELINGHUYSEN. Mr. Visclosky.

Mr. VISCLOSKY. And I don't want to impose on the gentleman's time, but as long as we are on, I appreciate the gentleman raising it. You used an analogy about we have improved the *Virginia* class, no question about it, carrier, no doubt about it. But in this case, the Secretary talked about the literal survivability of the ship, talked about the lethality of the ship, talked about the concept of operations. This isn't just this is a good ship, we can make it better.

And you mentioned that we are hitting a cost target; I am delighted. But if the ship is not survivable, I don't care if I meet my cost target if it is in the bottom of the ocean. Maybe we should be looking at that next small surface combatant.

And you mentioned earlier in your answer, we need to get to a number which raises the earlier question the gentleman also raised. I am an accountant, but I don't just get to a number; I want to have a survivable ship for the purpose intended as opposed to one that meets costs, that is not survivable, not lethal, and it is subject to the concept of operations.

Mr. MABUS. Let me give you two chunks of an answer here. One is I have looked back at reports from GAO and other sources on things like the DDG-51, things like the frigates that we have today. In nearly every case where we have a new class of Navy ship, there have been questions, serious questions, about survivability, about lethality, and about concepts of operation. And those ships have obviously met all those requirements.

Secondly, in terms of the concept of operations, that is being developed today. That is what the CNO set up the Littoral Combat Ship Council for, exactly how we use these ships. You know, before a conflict starts, we might have one of these out by itself, clear mines or something like that. Once a conflict starts, it is going to be part of a battle group.

We have to protect lots of Navy ships including—

Mr. FRELINGHUYSEN. Respectfully, it is about a group which is shrinking, and we are not quite sure how many ships we have. We want to make sure the ones we do have are survivable.

I want to yield to Ms. McCollum so we can keep the questions going here.

ALTERNATIVE ENERGY

Ms. MCCOLLUM. Thank you, Mr. Chairman.

I want to commend all of you for your commitment to energy, security and your support of alternative energy investment. I had the opportunity to see some of that that work firsthand at Camp Pendleton with the solar panels and the real thoughtful process that was put into the building the new barracks and any rehab that you are doing on base.

But, Secretary Mabus, you have been really focused on reducing operational energy costs by shifting the Navy's reliance from fossil fuels to alternative energy. You have had a stated goal of 50 percent of the Navy's total energy coming from alternative sources by 2020. So I am hoping that you could further discuss the energy programs that you have in place that will help the Navy achieve this goal, and is the goal still attainable within the top line defined by the Control Budget Act?

So, in other words, how much of the fiscal year 2015 budget request is devoted to securing these alternative energy resources as well as energy conservation through smart investments when you are purchasing equipment and rehabbing buildings and ships as well?

Mr. MABUS. It is more important in constrained budget times to do this than it is in unconstrained budget times. One of the reasons that we are doing it is that in fiscal year 2011 and fiscal year 2012, Navy got a bill for unbudgeted fuel increases of \$2 billion because of the price spikes and the cost of oil, because oil is a globally traded commodity, and any time something happens somewhere in the world, there is a security premium that oil traders put on the price of oil.

So it is important that we move to these alternative sources, particularly in these budget-constrained times, to flatten out those spikes, to keep those spikes from harming the rest of the budget. We are well on our way to meeting those goals using the Defense Production Act. We have four biofuel companies now that are obligated, as they are moving through the process, to provide 163 million gallons of biofuel starting in fiscal year 2016 at an average cost of a good bit less than \$4 a gallon. So in direct answer to your question, we are not going to spend any more money on these energy-saving things than we would on other things.

In terms of efficiencies, we are moving at sea, hull coatings, voyage planning, stern flaps, replacing lights with LED lighting on-board ship, simple things like that to bring down the operational costs. We built our first hybrid ship, the *Makin Island*, which came back with almost half its fuel budget from its last deployment. We have also on bases done many of the same things.

The final thing is the culture has almost completely changed, and one of the ways that we are meeting these goals is just because sailors and marines have come forward with, this is a way we can

save, this is something we can do. And the Marines, I want to say, have embraced this more enthusiastically than anybody, because they know that if we make energy where we use it, we save marine lives.

Ms. MCCOLLUM. And General Halter did a fabulous job of explaining all the smart investments.

So my point is when we look as a committee at cutting these line items, we are actually having the potential of increasing your future operational costs; are we not, gentlemen?

Mr. MABUS. Yes.

Ms. MCCOLLUM. Thank you.

NAVY WORKFORCE

Mr. FRELINGHUYSEN. Thank you.

Mr. Calvert.

Mr. CALVERT. Thank you, Mr. Chairman. I was going to get into the *George Washington* littoral combat ships, but I was beat—

Mr. FRELINGHUYSEN. You still can. I think there are more questions to be—

Mr. CALVERT. We may come back to that.

It was brought up that we need contract reform, and I absolutely agree with that, and I think Mac Thornberry is working on that, and also procurement reform. I think he is working on that, also. But the issue regarding the civilian workforce, as I understand it, the Marines are almost—based upon the numbers that you gave us, General Amos, you are talking about almost a 10 percent reduction in the core force from 193,000 to 175,000. The Army is talking about reductions of exceeding 15 percent. I am not quite sure where the Navy is going. Admiral, what is the reduction you are looking at?

Admiral GREENERT. I will have to give you the specific numbers of civilian personnel, but we are reducing our headquarters, a lot of them, 23 percent.

Mr. CALVERT. How much of that on military uniform?

Admiral GREENERT. Pardon me?

Mr. CALVERT. On uniform personnel, what percentage?

Admiral GREENERT. A vast majority are civilian and contract. I will give you the numbers and breakdown, but I can tell you right now, a very small number of military comparative.

Mr. CALVERT. Well, I want to make sure that everyone understands that we are not targeting depots or people who are performing tasks that are necessary to the United States Government. What we are looking at is giving managers the ability to evaluate performance and make sure that we keep the best and the brightest people in the civilian workforce.

And this isn't something that came out of whole cloth; this is people that you know and I know you have talked to that believe that the civilian workforce ratio is out of whack, and it needs to be taken a serious look at. And you need to have the tools, because, like Marley's ghost, you have been hauling around chains from previous administrations, both Republican and Democratic, task force commissions that have never dissolved, employees that are around that have not been able to be changed, and that is not acceptable, especially when many of these employees are up for retirement.

As I understand, there is a significant number of employees at the Department that are up for retirement at this point, and so that kind of what I would call as an employer some of the low-hanging fruit out there, but you don't—and I understand you don't have the tools, but that is what we are trying to do is provide the tools for managers to make decisions that have to be made; rather than cutting Marines and Army and Navy personnel, uniform personnel, that you can also look at the civilian personnel the same way you are looking at uniform personnel, because it is easier to cut military personnel than it is civilian personnel.

Or it is easier, and the problems that was also discussed on procurement. I mean, it is, as the chairman pointed out, embarrassing, the billions of dollars that we have spent in Army programs, Navy programs, Marine programs, and that is gone money that you really wish you had right now.

So all of these things have to be done in order for us to make sure we maintain our readiness, to make sure we maintain the personnel that you want to maintain the platforms, the economies in fuel and so forth that you want to do. If anyone wants to make a comment on that, Secretary, go ahead.

Mr. FRELINGHUYSEN. A brief comment, and then we are going to go to Mr. Ryan.

Mr. MABUS. The only comment I want to make is you are absolutely right about the procurement reforms, and I think we have done a lot. And in terms of some of these programs, we killed them. If it was not giving us what we needed, or if it was too expensive, or if it wasn't going to perform in the way that it should, we killed them.

And we have, I think, and I am very proud of the fact, we have driven down costs all across every one of our procurement programs, and we have done it by pretty simple business things: putting competition back in, using firm fixed-price contracts, just driving harder bargains, and keeping a closer eye on tax money. And thanks to this committee and thanks to Congress for giving us some of those tools to be able to do that, and I do appreciate the tools, whether in the military, in the civilian workforce or in procurement.

And in answer to the number of Navy people, our numbers will stay essentially the same over the FYDP.

SUICIDE

Mr. FRELINGHUYSEN. Flatlined pretty much, the numbers.

Thank you, Mr. Calvert.

Mr. Ryan and then Mr. Cole.

METAL HEALTH PROGRAMS

Mr. RYAN. Thank you, Mr. Chairman.

I have a question for each of you on the issue of suicide in the force, and this is an issue that the committee continues to deal with and we know that you continue to deal with as well.

Mr. RYAN. It is too high, too many, still happening. And lots of programs; 123 programs in the Navy alone designed to improve resiliency or prevent suicide, but it is really unclear how many of them are actually effective.

So what kind of metrics are you using and are being used to measure the effectiveness of these programs, given that we don't seem to be making much progress in tackling the issue? That is for the Secretary.

And then to the Admiral and General Amos, if you could talk about what mental health services are available to your sailors and marines prior to deployment, while in theater, and then upon returning; and which programs—which of those programs do you see as really having merit and ones we can move forward on?

Mr. MABUS. The way we are measuring it, Congressman, and we saw the same thing you did, that we had 123 of these, I set up something called 21st Century Sailor and Marine to tackle all the issues of resiliency that the force faces, and as part of that there is a task force looking specifically at suicide. We don't need 123 programs; we just need some effective programs.

And one is too many, but in fiscal year 2013, for both the Navy and the Marines, suicide numbers came down, I believe, in each single month and I know over the course of the year.

We think we are beginning to get traction on things like educating sailors and marines on warning signs of their shipmates. We have travel teams now that go out to do this sort of training, bystander intervention, making sure that, as the Commandant and the CNO will talk about, that people are willing to reach out and seek help, that there is no stigma to receiving that help, and that we watch very closely whether the stress on the force has anything to do with it.

The last thing I will say is that there seem to be three common denominators in most suicides, one of these factors or more: relationships, finances and alcohol, and/or alcohol. So we are trying to move on the alcohol part, but also on the other two in terms of warning signs and when a shipmate needs to intervene.

Mr. FRELINGHUYSEN. Admiral Greenert, very briefly, because we want to sort of have some sort of exit time in the near future.

Admiral GREENERT. Regarding mental health, we have a predeployment survey. Everybody takes it before they deploy. It is done, if you will, quietly, if you will. You fill out the form and say what you want.

The point is here are your options. You can go to a nonclinical counselor, and they are on all our bases. I have seen these. This is not at a Fleet Family Service Center even. It is not in the hospital. You can go down and talk about it to somebody, a chaplain or whomever. You could go to the Fleet Family Service Center where you have a counselor, again nonclinical or clinical. Or you can go to the medical treatment facility.

When one returns from deployment, you fill out a postdeployment health survey, how do you feel. It is anonymous, like predeployment. You do it again in about 30 days, and you do it—90 days, excuse me, and then at about 6 months because, as you know, these things sometimes take time to manifest themselves. Those are all available, again, nonclinical or clinical.

Now, if you fill out the form, and it is obvious, each of those postdeployment and predeployment, they are screened by a medical officer to see if there is something consistent here or alarming, and then you say, well, we need a clinical consult at least in this case.

So there is a pre and a post. And we are getting good use out of these nonclinical. Our sailors, I saw a few of them. Kids come in, they are very comfortable, you don't have to get an appointment. And the whole idea is the stigma. Get over the stigma. Go in and see someone. It is okay to not feel okay.

Congressman, that is what we have got to continue to drive home. The nonclinical aspect is reaching some pretty good results.

The 123 programs, I agree with you, that is where we were. We have, to the Secretary's point, the 21st Century Sailor Task Force called Resiliency. How do you make the sailor more resilient? Get these programs focused onto the ones that get to the point, you know, how do you get a job, how do you deal with debt, deal with marital problems that we all have, substance abuse, whatever it may be, and bring them into something more coherent.

Mr. FRELINGHUYSEN. General Amos, I am going to turn to Mr. Cole, but I assume the ranks are in lockstep with the Navy brothers and sisters on this issue.

General AMOS. We are, sir. The thing we have, we have got embedded mental health providers in our forward-deployed combat units and special training for a whole host of folks, and I would be happy to talk to you about it offline, sir, if we are out of time.

PIVOT TO THE PACIFIC

Mr. FRELINGHUYSEN. Good question, Mr. Ryan.

Mr. Cole.

Mr. COLE. Mr. Chairman, in the interest of time, I yield to my friend Mr. Womack.

Mr. FRELINGHUYSEN. Mr. Womack, almost batting cleanup. Go right ahead.

Mr. WOMACK. Thank you.

I want to address these questions to the Chief of Naval Operations and more concerning the pivot to the Pacific. You know, we have been tied up in a decade-plus long war in landlocked nations, and now we are pivoting to an area that is extremely vast in terms of water.

What kind of technologies—and specific maybe to the MQ-4 and the UCLASS programs—what kind of technologies is the Navy investing in? And if I might just kind of add to the question, to lengthen the question a little bit more about back to what we were saying earlier about LCS, the “measure twice, cut once” kind of thinking, are we doing the right thing? Are we on the right track? It seems like particularly in the UCLASS program it is extended a little bit. The timelines have moved.

Help me understand this pivot to the Pacific and what we are trying to do to extend our capability in that region.

Admiral GREENERT. I happen to have a little chartlet here for you, and it is all about the Asia-Pacific rebalance, right in front of you underneath your iPhone there. It is about forces and capabilities and what I call understanding. So I will focus on your question, which I think is forces and capabilities.

So we have talked about, I think, in this committee before home porting ships 60 percent to the west, 40 percent east and moving that. We are growing our forward presence no matter what the budget. I mean, whether we go to the Budget Control Act or not,

we must grow as we do this rebalance. But we have to have our most modern forces out there. So that gets to the force structure, which brings you the capability.

To the UCLASS, unmanned carrier—carrier landing, excuse me, surveillance and strike. And the point here is we want to make sure that what we bring into the fleet has the means to grow; has appropriate observability, read stealth; can carry a proper payload to deliver, in effect read weapon; that has the right kind of sensors; has enough fuel so it has persistence.

Balancing all of those, and I underline the ability to grow in each of those key performance parameters, that is what we are having this lengthy discussion, which, as you said, we are measuring again twice before we build so that we get what we need. And again, it can grow out there.

So what we want, we need this by the end of the century and—decade, excuse me. And what we want to do is bring this to the Western Pacific. We talked about the Joint Strike Fighter, the C version. That will deploy to the Western Pacific first for us. 2019–2020 is our goal there.

Other capabilities, Unmanned Underwater Vehicles, we have a host of them out there today that industry and our Office of Naval Research has brought. We need to neck those down and bring Autonomous Unmanned Underwater Vehicles, large diameter, about three times the size of this open area here you see in front of you, so that we can then put them on patrol. Again, I want to do this. We have got to do this by about the end of this decade, because we have to own the undersea domain like we do today. We have superiority in it, and we need to bring that.

Other issues become electronic attack, the electromagnetic spectrum. Our potential adversaries are going to higher frequencies that are outside where our sensors detect. They are changing their sensors on their weapons. We need to be able to detect them so that we can spoof them, jam them, or shoot them down. They are lower power, so we need to have more sensitive sensors.

These are the electronic warfare, the electromagnetic spectrum work. We need to be able to jam not just radars, but series of radars so that we get where we need to get. That is access. Some call it antiaccess area denial. To me it is joint assured access in the amount of time we need and for as long as we need.

So these are the sorts of technologies. And, of course, cyber. We need to be able to get in to protect our networks, know if anybody is in our networks, and then get in other networks to the degree we need to and do what the combatant commander and what the Nation wants us to do in there.

AIRBORNE ELECTRONIC ATTACK

Mr. WOMACK. Quickly on the Growler, you had an unfunded priority for an additional nearly two dozen. Speak to me about the EA-18.

Admiral GREENERT. Well, the EA-18, if you look at the air wing of the future, we spoke earlier about the E2-D, that is the Hawk-eye, that is the big radar, that is the manager of the air wing. And the E2-D is awesome. It has an extended range; it has the ability to find very, very small objects and, most importantly, network to

bring that together. So that is your manager, but you got to get in. And a lot of what we are about in the future, as I mentioned, is electromagnetic spectrum, and we have got to jam, spoof and depress as necessary. So the Growler has got to get us in there.

Our adversaries and potential adversaries in technology, advanced radars, I kind of mentioned it. Many bands. X-band is your lower frequency, and that is your original detection. But then you have got S-band and others bands to target. We have got to understand all of that, and we have got to operate in it and jam it.

So the Growler of today, what we have in the air wing today on the program of record is the minimum requirement. That is fine for the missions that we have today. But as we look out, and as we have done studies and look into the future, and we are the DOD electronic attack source, I view it as increased risk and a hedge as we look at the Growler line potentially closing.

So, for me, I discussed with Secretary Mabus and put it on the unfunded requirement list as a risk reducer and as a hedge, which is what the request to us was: Show me what you need for programmatic and operational risk reduction.

Mr. CRENSHAW. I think one of the E2-D Hawkeyes is being cut. If it is important, it might be something to think about.

Admiral GREENERT. Absolutely. I mean, I don't like that anymore. As Secretary Mabus spoke earlier of other programs, we will protect the IOC, the initial operability capability, but we need to—I mean, more capacity is definitely there. It is totally about money, Congressman.

Mr. FRELINGHUYSEN. Thank you, Mr. Womack.

And, gentlemen, don't underestimate the committee's interest in the issue I raised in my opening statement: misconduct. It is way beyond what is unbecoming to an officer. But, you know, sometimes the public's perception of our remarkable people who serve us, sometimes it is framed by the bad acts of a few that we condemn. And I understand the issue of command influence, but it is time we get—there are some consequences.

I think I am especially appalled, since I know, Admiral, you are a submariner, Admiral Rickover would be turning over in his grave if he knew that we had that recent incident in Charleston, I think. We need some level of assurance, and I am sure we are getting it from you, just looking at you, that this is an area that will be addressed.

Admiral GREENERT. Yes, sir. The investigation regarding that is almost complete. Admiral Richardson is spearheading that. He is our Director for Navy Nuclear Propulsion. He will be ready to brief you in a matter of a week or two. As I said, the investigation is complete.

More importantly, where do we go from here? What is inside the heads of these kids? These were not poor performers, these were people making choices.

Mr. FRELINGHUYSEN. They are kids, but these kids have leadership above them. And we work with Admiral Donald, we are working with Admiral Richardson, and sometimes, you know, the people who are in charge of the program do bear some responsibility. It is not just the kids at the lower rung of the ladder. And since the

safety of those subs depends on every submariner, it is important that we get this situation corrected.

Admiral GREENERT. Sorry, Chairman, everybody is a kid to me when you are at this point in my career. But I know what you mean, and I completely agree. All levels of leadership.

Mr. FRELINGHUYSEN. On behalf of the committee, we thank you gentlemen for your service and those that you represent. We stand adjourned.

[CLERK'S NOTE—Questions submitted by Mr. Crenshaw and the answers thereto follow.]

SUNKEN MILITARY CRAFT ACT (SMCA)

Questions. Recently the Department of the Navy issued proposed regulations concerning the Sunken Military Craft Act. My office has been contacted by several Florida based companies involved in the underwater treasure salvage industry and dive industry concerning these proposed regulations.

As you may know, these industries are significant contributors to Florida's overall economy—employing thousands of employees directly and indirectly. These proposed regulations might contradict efforts undertaken by the Department of Transportation's Office of Ship Disposal to salvage valuable cargos on ships that sunk while on missions for the US Government—World War II Liberty Ship, SS *Barry* (RFI issued by Office of Ship Disposal in Oct, 2013).

I'm concerned these proposed regulations might restrict the Office of Ship Disposal's ability to conduct future salvage efforts which might return significant revenues back to the US Treasury.

Were these changes to the SMCA developed without an impact study, or consultation with stakeholders; if so, why? How has the department worked with stakeholders regarding proposed changes to SMCA?

Answer. The Department of the Navy's (DON) proposed regulations do not amend or change the SMCA. The prohibitions and restrictions that may be of concern to the treasure salvage and dive communities have been in place since enactment of the SMCA in 2004. The proposed regulations do not expand these prohibitions or restrictions. Per the SMCA, the regulations do create a permitting regime that will allow persons to engage in otherwise prohibited activities for archaeological, historical, or educational purposes. In January, the DON published the proposed regulations in the Federal Register for a 60-day public comment period and received many comments from stakeholders, including the salvage and dive communities.

Question. The proposed changes will directly conflict with Department of Transportation's jurisdiction over billions of dollars in commodities aboard wrecked vessels from WWI and WWII. Was this considered or intended as a reason for the regulatory changes?

Answer. The proposed regulations do not impact the Department of Transportation (DOT) or resources under its jurisdiction in any manner. Furthermore, and more importantly, the SMCA contains specific language excluding the actions of Federal agencies, including DOT, from the prohibitions in the law. The DON's proposed regulations do not change this or any other provision of the SMCA.

While the DON's proposed regulations establish a permitting program that only applies to sunken military craft under the jurisdiction of the DON, upon the request of the Secretary of a military department, the Secretary of the Department in which the Coast Guard is operating, or a foreign sovereign, the DON may consider incorporating sunken military craft under the jurisdiction of those entities within the DON permitting program.

[CLERK'S NOTE—End of questions submitted by Mr. Crenshaw. Questions submitted by Mr. Cole and the answers thereto follow.]

SHIPBUILDING

Question. What is the Navy's current capacity with respect to the shipbuilding industrial base? How does this compare, for example, with the Chinese shipbuilding industrial base?

Answer. The Chinese and United States (U.S.) shipbuilding industrial bases differ in terms of mission, which leads to differences in capacity, supplier infrastructure, ship types built, and technical capability.

1. **Mission.** The Chinese and U.S. shipbuilding industries serve two national missions, sea power and economic growth, but the priorities are not the same. China, as a newly-industrializing society, places a high priority on the shipbuilding industry's role in fostering export-led Gross Domestic Product growth. This has led to the government-supported creation of a large-scale, export-oriented commercial shipbuilding industry in China. Chinese government support mechanisms for the shipbuilding industry have included export credits, loan guarantees, R&D funding, and encouragement of foreign investment. In addition, many major Chinese shipyards are state-owned enterprises. The U.S. shipbuilding industry is focused on naval construction and fulfilling Jones Act commercial shipbuilding needs.

2. **Capacity and supplier infrastructure.** One of the most notable features of Chinese shipyards involved in naval production is that most, if not all, are also actively involved in commercial shipbuilding. The Chinese shipbuilding industrial base accounted for approximately 35 percent of commercial vessel tonnage delivered in 2013 as measured by compensated gross tons—roughly tied with the South Korean industry for 1st place in global market share (the U.S. industry accounted for about 0.2 percent). Large-scale shipbuilding strengthens the business case for investment in modern production infrastructure and technologies in the shipyards, and provides the volume to support capital-intensive supplier industries that are not viable in the U.S. (for example, low speed diesel engine manufacturing).

3. **Ship types built.** Many Chinese shipbuilders concentrate on lower-complexity products such as bulk carriers; however, some are moving up-market. One example is Hudong-Zhonghua Shipbuilding (Group) Co., Ltd., which builds both commercial and naval vessels; it is currently under contract to build a series of large Liquefied Natural Gas (LNG) carriers, some for a Japanese owner. LNG carriers are at the upper end of the commercial complexity scale. NASSCO is currently building LNG powered Container Ships for the Jones Act trade.

4. **Technical capability.** U.S. shipbuilders are the global leaders in naval shipbuilding and their technological capabilities in that area are unmatched. The technical capabilities of the leading, well-capitalized Chinese shipyards tend to focus on enabling high-volume steel fabrication and assembly, and commercial ship design. Operations management and production planning remain a challenge in the Chinese industry, as reflected in reports of late deliveries on commercial contracts.

Question. Does the Navy consider the shipbuilding industrial base critical to its future warfighting requirements? If so, does the Navy have a strategy to maintain its shipbuilding capacity?

Answer. A healthy design and production industrial base is critical to achieving the Department of the Navy's priorities and fulfilling the Navy's needs going forward. We are very mindful that our decisions impact the industrial base and we take those impacts into consideration along with the near-term and long-term effect such decisions have on future readiness.

Since I took over the Department, we have focused on revamping internal management and oversight practices, and have reached out to our industry partners to foster communication and establish clear expectations. Two key facets of our plan to sustain our shipbuilding industrial base are stability and affordability. Stability is required in naval ship design and construction because of the long-lead time, specialized skills, extent of integration needed, and complex nature of military ships. Recognizing that schedule and quantity perturbations have a cascading and often expensive impact on programs, the Navy and Congress have worked together to provide industry greater stability by offering a realistic shipbuilding plan so that the number, type, and timing of building will be transparent; awarding multi-year and block buy procurements on mature programs; stabilizing designs and requirements; and to the extent possible, avoiding the introduction of changes or new technologies until the next block upgrade.

Affordability is another facet of our plan to sustain the industrial base. We have introduced initiatives to acquire our ships and equipment smarter and more efficiently, through competition, multi-year buys, and better buying practices. In exchange, we have asked our industry partners to do their part in driving down costs, and delivering a more affordable, high quality product. We have made it clear that in doing our part to stabilize requirements, design, and acquisition profile perturbations, we expect them to do their part, namely: demonstrate consistent learning from ship-to-ship so each ship of the same type, whose design had not dramatically changed, would take fewer man-hours to build and cost less than previous ships; revisit their cost drivers and practices and drive costs out and quality and visibility in; and make appropriate investments in infrastructure and workforce training. All of these efforts are focused on making our programs more affordable. Given a constrained budget, improving efficiency and driving out costs from our programs enables the Department to deliver the ships our Sailors and Marines deserve.

Question. Do you consider this strategy to be optimal to ensure a robust industrial base or does it reflect a budget-driven strategy?

Answer. The Navy's strategy to sustain the industrial base provides a sound approach toward achieving Navy goals regardless of the fiscal constraints. In the past five years, we have turned shipbuilding around putting 70 ships under contract. This is a significant increase compared to the 27 ships put under contract in the prior five year window. We have promoted acquisition excellence and integrity as well as aggressive oversight. We have focused on everything from requirements, to design, to construction efficiency, continuing to introduce stability and affordability into our shipbuilding programs.

In today's fiscal environment maintaining and increasing the fleet size will require us to continue applying sound management, innovative solutions, and a comprehensive approach toward ensuring that our design, construction and vendor base is sufficient to meet our naval shipbuilding requirements. That said, today, even with the Navy's priority on shipbuilding acquisition, there are not enough ships being built to sustain the industrial base at an optimal level, nor at a level which satisfies the Fleet and Combatant Commander operational requirements. Sequestration in FY 2016–2019 will further exacerbate shipbuilding industrial base issues and may result in significant lay-offs and/or closures in those areas most affected.

Question. Are you concerned about a future date when the U.S. shipbuilding industrial base may not be sufficient to meet mission requirements? If so, what is your strategy to mitigate this potential shortfall so that we do not end up in the same situation as some of our allies have experienced?

Answer. As numerous Navy witnesses have stated, we are concerned that the Navy's fiscal topline at the FY2011 Budget Control Act levels, commonly referred to as sequestration levels, in FY 2016–2019, is insufficient to meet the ship force requirements called for in the Defense Strategic Guidance. Recapitalization of the Ohio Replacement program further compounds an already challenging situation. Over the next two decades, the Navy's number one priority will be recapitalizing the Ohio Replacement SSBN. At constrained fiscal levels, every other shipbuilding program will suffer.

Our ability to mitigate the adverse impacts on the shipbuilding industrial base from constrained resources has its limits. At some point, we reach the point of diminishing returns from our efficiency, stability, and shaping efforts. The Navy will need to work with the Department of Defense (DoD), Congress, and industry to ensure that we do not allow our design, engineering, and production skills and capabilities to deteriorate to such a level that we are not able to reconstitute them. Some legislative relief may provide the means to delay making drastic reductions which could permanently harm our ability to reconstitute, but these too have their limits. Ultimately, some difficult discussions and decisions will be required which look beyond our development and procurement accounts and fundamentally address the way and time in which we respond to crises, our desire for forward presence, and how we meet those demands.

OPERATIONS—CRUISER MODERNIZATION PLAN

Question. Please describe your plan to lay up the eleven cruisers: For how long? At what cost? What are the anticipated savings? How can you ensure they will be returned to active service in future years in light of the persisting budget fiscal challenges? What is the alternative if Congress does not approve the layup plan?

Answer. Beginning in FY15, the Navy plans to induct CGs 63–73 into a phased modernization period. The Navy will begin phased modernization on the 11 cruisers with material assessments, detailed availability planning, and material procurements. Subsequently, the Navy will perform hull, mechanical, and electrical (HM&E) upgrades, critical structural repairs, and extensive corrective and condition-based maintenance. The final phase is combat system installation, integration, and testing. This will occur concurrently with re-manning the ship, preceding restoration to the Fleet.

The Navy will commence the cruiser phased modernization plan with the HM&E modernization of USS *GETTYSBURG* (CG 64) in FY14. The first combat system modernization will notionally begin in FY17, followed by another in FY18 and continuing annually through FY23, with two executing annually in FY24 through FY26. The ships undergoing phased modernization will replace, on a hull-for-hull basis, the retiring CGs 52–62 as those ships reach the end of their service life in the 2020s.

The cost per ship will vary based on individual hull material condition of the ship and previously completed modernization. The range is estimated to be approximately \$350–\$600M per ship which includes induction, sustainment, modernization,

and maintenance costs. Initially, Navy will leverage the Ship's Modernization, Operations and Sustainment Fund (SMOSF) for those ships specifically named in the FY14 National Defense Authorization Act (CGs 63–66, 68–69, 73.)

Navy estimates cost avoidance of \$2.2 B in Operations and Maintenance (OMN) and \$1.6 B in Manpower, Navy (MPN) which will provide additional resources to partially offset the cost of phased modernization.

In order to ensure the CGs will return to active service in future years in light of the persisting budget fiscal challenges, Navy has built a transparent plan which includes direct Congressional monitoring of funding and work accomplishment.

If Congress does not approve the phased modernization plan or provide the funding to retain the force structure, the Navy's only remaining alternative is to decommission the ships.

Question. If the cruisers are laid up, how will the Navy meet the COCOM force presence requirements?

Answer. The Navy will maintain 11 of its most capable Air Defense Commander CGs in service to meet COCOM requirements. To date, the Navy has modernized CGs 52–58 with the Advanced Capability Build (ACB) 08 Combat System as well as substantial Hull, Mechanical, and Electrical (HM&E) upgrades, and has nearly completed modernization on CGs 59–62 with the improved ACB 12. These investments to date have allowed the first 11 ships of the *Ticonderoga* class to remain the world's premier Air Defense Commander platform, fully capable of integrating into the Carrier Strike Group construct or operating independently in support of COCOM demands.

DEPOT MAINTENANCE

Question. Naval aircraft depot maintenance (to include Marine Corps) is funded at \$815 million in the fiscal year 2015 base budget request, up from \$795 million in fiscal year 2014 enacted base budget. According to DOD, "this program funds repairs, overhauls and inspections of aircraft and aircraft components to ensure sufficient quantities are available to meet fleet requirements to decisively win combat operations."

In fiscal year 2014 it appears that even with OCO funding, the Navy can meet only 89 percent of its total requirement. Therefore, the Navy expects an increase from the FY14 backlog of 33 airframes and 319 engines to 66 airframes and 612 engines in FY15. The FY15 budget request for aircraft depot maintenance is \$14 million less this year for a total request of \$83 million.

How will the current backlog be managed and what carryovers do you expect for FY16?

Answer. Naval Aircraft Depot Maintenance (ADM) (to include Marine Corps and Naval Reserve Forces) is funded at \$898 million (\$815M OMN and \$83M OMNR) in the fiscal year 2015 base budget request, up from \$892 million (\$795M OMN and \$97M OMNR) in the fiscal year 2014 enacted base budget.

In reference to the current backlog to be managed and what carryover we expect for FY16, we have been successful in minimizing the current backlog in FY14 though deferred maintenance due to operational commitments, better than planned reliability for engines and some targeted retirements of aircraft that were coming due for maintenance. We will continue to make these types of decisions throughout FY14 and FY15 to minimize the impacts.

There is no data on projected FY16 depot carryover because the Fiscal Year 2016 budget has not been finalized and published.

Question. How would a 15% mandatory decrease in number of civilian personnel, starting in FY2015 through FY2025 impact workloads at Navy Depots and how would the necessary workload be managed? In order to meet the required workload, would the Navy need relief or seek a change to 10 U.S.C. 2466 that mandates a 50% ceiling, measured in dollars, on the amount of depot maintenance workload that may be performed by contract for a military Department or defense agency during a fiscal year?

Answer. A 15% CIVPERS reduction would reduce public depot capacity by at least 15%, but would not reduce the workload requirement, creating a mismatch between public depot capacity and workload that would reduce operational availability and the ready force structure.

For example, in naval shipyards the workload requirement is dependent on ships' schedules, class maintenance plans, and required emergent repairs/maintenance and unaffected by cuts to naval shipyard capacity. A 15% reduction to CIVPERS would cut naval shipyard capacity by approximately 750,000 man-days per year. Because most of the work in naval shipyards is required maintenance on nuclear powered submarines and aircraft carriers that cannot be deferred, the result of this lost

capacity would result in the loss of submarine/aircraft carrier operational availability as ships are not able to be returned to the Fleet on schedule. Attempting to move this workload to the private sector would be more expensive and less effective than simply maintaining the current CIVPERS levels in the naval shipyards. Similarly, naval aviation does not have sufficient commercial contracts (type and scope) to move that much workload.

A public sector workload reduction of this magnitude would likely result in a breach of the 50% ceiling of 10 USC § 2466.

[CLERK'S NOTE— End of questions submitted by Mr. Cole. Questions submitted by Mr. Aderholt and the answers thereto follow.]

LITTORAL COMBAT SHIP (LCS)

Question. The Navy seems to have a sudden shift in its position on acquiring the LCS ship. The Navy selected the LCS program as the most cost-effective program for filling the fleet's requirement for additional capability for countering mines, small boats, and diesel submarines in littoral waters. I am not aware of a drop in these types of threats.

Has DoD conducted a formal analysis that demonstrates that there is a more cost-effective way to address these capability gaps?

Answer. Navy has not changed the requirements for LCS. Rather, as directed by the Secretary of Defense, ships beyond LCS 32 are not yet being placed on contract. The Navy has been directed to complete a study to support the future procurement of "a capable and lethal small surface combatant". The Navy has also been directed to submit "alternative proposals to procure a capable and lethal small surface combatant" and the study should consider options of "a completely new design, existing ship designs (including LCS), and a modified LCS." A Small Surface Combatant Task Force has been established to conduct the analysis and will complete by July 31, 2014.

The threats that LCS was designed to counter still exist, and LCS (as currently designed and under contract) will defeat those threats. The approved 2008 LCS Capabilities Development Document, which establishes the requirements for the LCS Program, was revalidated by a Joint Capabilities Board in 2013.

Question. Are you concerned with the lost investment in LCS by changing to a new ship?

Answer. No. As designed, LCS is a capable and affordable ship that meets requirements and is a sound investment. The requirement is for 52 small surface combatants. The first 32 LCS have been designed for countering mines, small boats, and diesel submarines in littoral waters. Going forward, it is fiscally and strategically prudent to review the capabilities and requirements, to ensure Navy continues to deliver a ship that meets anticipated future requirements. It is premature at this time to say Navy is changing to a new ship. The Small Surface Combatant Task Force was established to evaluate requirements and design options for the ships beyond LCS 32.

Question. Are you concerned that "starting over" with a new ship design will set us back by 10 years in addressing the threat that the LCS is charged to counter?

Answer. It is premature at this time to say Navy is changing to a new ship. The Small Surface Combatant Task Force was established to evaluate requirements and design options for the ships beyond LCS 32.

Question. Does the LCS meet the CENTCOM requirement to counter Iranian "A2/AD" threat?

Answer. LCS meets the CENTCOM requirements for Anti-Access Area Denial (A2/AD) threats. LCS with a SUW Mission Package is lethal against FAC/FIAC threats using its speed, aircraft, and onboard weapon systems. LCS with its shallow draft can operate in areas inaccessible to FFG/DDG/CG. Also, with the addition of Longbow missile to the SUW Mission Package, LCS will provide more firepower capacity to defeat the small boat threat than FFG or PC. Additionally, LCS with an MCM Mission Package is able to clear mines faster and safer than legacy MCM-1 class due to its unique systems which allow it to operate outside the mine danger area. LCS MCM Mission Package also provides vital support to amphibious operations in theater.

Question. Has a new threat developed since the days of the original contracts? Or is all this the result of the fact that there is a shift to build up our forces in the Pacific and the way to pay for that is to cancel LCS ships and to link it to the overall number of ships.

Answer. Navy and Department of Defense examine emerging threats in all theaters, to include the Pacific, and apply resources as required to best counter current

and future threats. With the shift in strategic guidance to rebalance to the Pacific, LCS will be a major contributor against existing and emerging threats with all three focused mission packages.

LCS has not been cancelled. Rather, as directed by the Secretary of Defense, ships beyond LCS 32 are not yet being placed on contract while the Small Surface Combatant Task Force continues to conduct their analysis and report their findings.

LCS PROCUREMENT PLAN

Question. There seems to be some conflicting information about the LCS procurement plan between 3 or 4 ships in FY15.

To clear the record, how many ships does the Navy intend to buy in FY15?

Answer. The PB15 submission provides funding for 3 LCS in FY15.

Question. Will either company be directed to deliver one less ship? (per this change in the FY15 budget request)

Answer. No, Navy will not direct the industry teams to deliver one less ship. Navy plans to procure the single LCS shifted to FY16 under the current block buy contract(s) by making an adjustment to one of the two contracts. The decision of which shipbuilder will have one ship shift to FY16 will be determined in consultation with industry, with consideration of cost, production schedule performance, shipyard resource loading, and vendor base considerations.

SHIPBOARD WEAPONS

Question. In terms of having a fleet that is smaller than in past decades, are there particular budget challenges or technical challenges you are concerned about in terms of being asked to put new weapons systems, or other systems, on your ships and submarines?

Answer. The total number of ships available for the requirements of the global combatant commanders continues to be a challenge. As the Navy has drawn down in the total number of ships over the years, our forward presence has remained relatively constant, adding increased pressure on the ships, their crews, and their families. Because we have fewer total ships, periodic modernization and scheduled improvements of the weapons systems on those ships is essential to ensure that the ships we do have are as lethal as they can be. Balancing the capability and capacity to win decisively is a key Navy priority.

While the size of the fleet has become smaller than in past decades, the technical challenges associated with delivering and sustaining these advanced systems have grown. The Navy consistently strives to get the most out of each acquisition dollar to ensure our Sailors are equipped with sensors, systems, and weapons to accomplish the mission. Cost reduction efforts the Navy has implemented include increased commonality in weapons systems so they can be used across multiple classes of ships, scalable equipment designed to fit different types of ships and situations, and modular systems that can be easily swapped with newer, more modern systems at the end of their service lives. Additionally, the Navy is leveraging the work done by the commercial sector to deliver systems whose processing capabilities improve with advances made by the pace of industry and not by the sole needs of the military.

We have prioritized investments to close gaps in critical kill chains, and have accepted risk in capacity or in the rate at which some capabilities are integrated into the Fleet. We have also terminated certain capability programs that do not provide high-leverage advantage, and slowed funding for those that assume too much technical risk or could be developed and “put on the shelf” until needed in the future.

HYPERSONIC WEAPONS

Question. How much funding and what length of time would be required to field a sea-launched hypersonic weapon of the same reach and destructive power anticipated by the HTV-2 program?

Answer. The Navy does not have, at this time, a requirement or a program of record to develop a sea-based Conventional Prompt Global Strike (CPGS) capability. At the request of OSD (AT&L), Navy Strategic Systems Programs is participating in the advancement of hypersonic delivery technologies and providing subject matter expertise. If the Department of Defense validates a requirement for a sea-launched hypersonic weapon, system requirements such as payload, range, accuracy and reliability would need to be defined in order to scope a program and estimate cost and schedule. Certain attributes such as range and payload would likely differ from the HTV-2 program due to technical considerations. For example, range requirements

would likely be less, as a sea-based concept would be forward-deployed requiring less flight time to reach target sets.

TRAINING PROGRAMS

Question. Why doesn't the surface Navy have a comprehensive training program like every other officer community in the military, and how may that be affecting the morale of junior officers?

Answer. The Surface Navy has a comprehensive junior officer training program that begins with an eight week Basic Division Officer Course followed by a series of Personal Qualifications Standards (PQS) and on the job training on their assigned ship. The first tour afloat is comparable to an afloat training schoolhouse and emphasizes development of surface warfare and leadership skills as a Division Officer and Officer of the Deck. Training and PQS focus on watch standing competency, seamanship, ship handling, navigation and administrative tasks that are fundamental to the community and necessary for professional development. The recently established Advanced Division Officer Course, which occurs between first and second afloat tours, standardizes baseline knowledge and reinforces competencies previously developed. The second afloat tour, in a more complex Division Officer billet, further develops and refines the core competencies of the community and enables the junior officer to gain additional operational experience and qualifications as Engineer Officer of the Watch or Tactical Action Officer, which are prerequisites for command afloat. Additional comprehensive leadership, billet specific, tactical and operational pipeline training is conducted prior to Department Head, Executive Officer and Commanding Officer assignments.

This longstanding model for training junior officers has been effective in producing confident and capable officers to support Surface Navy operational milestones at every pay grade. Periodic surveys of Surface Navy junior officers are developed to assess satisfiers and dissatisfiers in the community. The most recent survey from 2013 does not indicate an adverse effect on morale, but rather an increase in satisfaction with the junior officer training program since the 2008 survey.

MISSION QUALIFICATION PROGRAMS

Question. Are there objective and universal standards and tests to become a qualified surface warfare officer? How does surface warfare compare to aviation and to submarine warfare on this point?

Answer. Until FY15 there were three paths for junior officers to qualify Surface Warfare Officer. All paths for qualification for Surface Warfare Officer include objective and universal standards and tests directed under Surface Force Type Commanders instruction and administered by the afloat Commanding Officers. The three paths for qualification are the Basic Division Officer Course (BDOC) path, the Surface Warfare Officer Introduction/Advanced Ship handling and Tactics (SWO Intro/ASAT) path, and the Direct Path. Officers on the BDOC path attend the BDOC course and then report to their ship to complete the rest of the qualification process. The BDOC course requires a 90% on the Rules of the Road examination and a minimum acceptable score of 75% for all other examinations. Officers on the SWO Intro/ASAT path attend a short introductory course on Surface Warfare, report to their ship, and attend the ASAT course prior to final qualification as a Surface Warfare Officer. As with BDOC, ASAT requires a 90% on the Rules of the Road examination and a minimum acceptable score of 75% for all other examinations. The Direct Path is for officers not from a traditional Surface Warfare Officer source designator, such as Limited Duty Officers and Chief Warrant Officers. Direct Path officers do not attend BDOC or SWO Intro/ASAT, but must meet all other qualifications. All junior officers are required to satisfactorily complete Personnel Qualification Standards (PQS) qualification in Basic Damage Control, Maintenance and Material Management System, Division Officer Afloat, Import Officer of the Deck, Small Boat Officer, Engineering, Combat Information Center Watch Officer, Anti-Terrorism Watch Officer, and Officer of the Deck Underway. Junior officers must demonstrate effective leadership skills and proficiency in performing Division Officer duties, to include management of personnel, spaces, and equipment as well as significant experience as a watch stander. On completion of the required PQS, the junior officer must pass a multi-member Surface Warfare qualification oral board, chaired by the Commanding Officer to validate the officer's general professional knowledge of all aspects of Surface Warfare.

In FY15 the process will be further standardized by consolidating the BDOC and SWO Intro/ASAT paths into the BDOC path.

This qualification process is similar to warfare qualification as a Submarine Officer with the exception of nuclear power training.

The qualification process for Aviation Officers is different than that of Surface Warfare Officers, due to the differences in employment of ships and aircraft. Naval Aviators and Naval Flight Officers receive their warfare qualification upon successful completion of initial flight training in the Naval Air Training Command. All Naval Aviators and Naval Flight Officers then receive tactical employment training in their Fleet type/model/series aircraft at the Fleet Replacement Squadron (FRS). Officers returning to the fleet from non-flying assignments receive refresher training at the FRS before returning to an operating squadron. Advanced tactical training for aviation officers is guided by a formal air combat training continuum administered by the Commander, Naval Air Forces, the Naval Strike and Air Warfare Center, and aviation community weapons schools.

Question. How many junior surface warfare officers are recommended for non-attainment by their commanding officers, and what percentage of those are subsequently approved by Commander, Surface Forces?

Answer. From March 2012 through March 2014 there have been 69 non-attainments representing a four percent non-attainment rate from 1753 junior officers in year groups 2010 and 2011. Recommendations for non-attainment are forwarded by the afloat Commanding Officer to Commander, Naval Surface Forces (Pacific or Atlantic) following review and endorsement by the Immediate Superior in Command (ISIC) (an O-6 or Flag-level review). Statistics on those recommended by the Commanding Officer for non-attainment that were disapproved by the ISIC are not kept as to not disadvantage officers who are afforded another opportunity to qualify.

INSPECTOR GENERAL

Question: What is the funding level for the Inspector General's office for each year from Fiscal Year 2011 to Fiscal Year 2015? Are changes in funding impacting the IG office's ability to process cases?

Answer: The funding levels for the Office of the Naval Inspector General (NAVINSGEN) are:

FY2011-FY2015 Budget Levels Amount in Thousands

FY	Pay	%	Support	%	Total
2011	\$5,553	75.28%	1,823	24.72%	\$7,376
2012	6,020	83.15	1,220	16.85	7,240
2013	6,326	80.56	1,527	19.44	7,853
2014	7,268	87.85	1,005	12.15	8,273
2015	7,961	88.61	1,023	11.39	8,984

Although it appears that the funding has increased, NAVINSGEN grew by 23 investigators in FY13, which, increased staff salaries, accounting for the growth. In contrast, funding for support functions including transcript services, travel, and information technology requirements (hardware/software) declined since FY13 (see chart above showing percentage decline in support dollars.)

The NAVINSGEN HQ is comprised of 92 people: 20 inspectors, 36 investigators, and 36 audit liaison and support personnel. The small number of staff in the Naval IG community presents a challenge in processing cases, especially given the general increased trend of NAVINSGEN Hotline contacts, Hotline investigations, and Military Whistleblower Reprisal investigations since 2008. In particular, NAVINSGEN has been unable to complete Military Whistleblower Reprisal investigations within the statutorily required 180-day timeframe, but importantly, has taken actions to add billets over the last 2 years, as well as review processes, policies, procedures, and training in an effort to improve through put.

[CLERK'S NOTE—End of questions submitted by Mr. Aderholt. Questions submitted by Ms. McCollum and the answers thereto follow.]

AIRBORNE ELECTRONIC WARFARE CAPABILITY

Question. I understand the Navy is reviewing an emerging need for additional E/A-18G Growlers and Next Generation Jammer equipment to provide needed electronic warfare capacity. The Navy submitted a recent "unfunded priority" for 22 additional Growlers following the release of the Fiscal Year 2015 budget.

Can you please comment on the "unfunded priority" for additional Growlers and the need for electronic attack.

Answer. Electromagnetic Warfare is a core competency and primary mission area of the Joint Force. Operating in Anti-access/Area Denial (A2AD) contested environments requires precise control of the Electro Magnetic Spectrum (EMS). EA-18Gs bring the fundamental attributes of range, speed, persistence, and flexibility to regions of the globe where Airborne Electronic Attack (AEA) capability is required to support the Joint Force whether with sea-based or land-based aircraft.

The Growler will soon be the only DoD tactical AEA aircraft in the joint force inventory and is required to support both 4th and 5th generation strike fighter aircraft. With legacy jamming pods or Next Generation Jammers the EA-18G provides precise control of a broad range of the EMS to create sanctuaries for the Joint force, denying enemy access to portions of the EMS.

The current total procurement of 138 aircraft can source the Navy mission. Recent analysis conducted for the Navy's Air Warfare Division pointed to the need for additional Growlers. The addition of 22 EA-18Gs will be used to augment existing Navy squadrons in the execution of the joint AEA missions allowing carrier squadrons to deploy with seven aircraft vice their current complement of five aircraft per squadron. The additional aircraft will reduce risk in meeting operational demand for multi-ship tactics and the potential increased need for joint AEA. The Navy's Assessments Division is completing an AEA mission requirements study to determine the number of Navy Growlers needed for the Carrier Strike Group in support of joint MCO requirements. Results are expected to be available in June, 2014. As nations expand their use of the EMS, the ability to perform the AEA mission will become more critical and buying additional EA-18Gs in FY15 reduces risk in our ability to meet future AEA demand.

[CLERK'S NOTE—End of questions submitted by Ms. McCollum.]

WEDNESDAY, MARCH 26, 2014.

FISCAL YEAR 2015 AIR FORCE BUDGET OVERVIEW

WITNESSES

HON. DEBORAH LEE JAMES, SECRETARY, UNITED STATES AIR FORCE
GENERAL MARK A. WELSH III, CHIEF OF STAFF, UNITED STATES AIR FORCE

OPENING STATEMENT OF CHAIRMAN FRELINGHUYSEN

Mr. FRELINGHUYSEN. Good morning. We gather in public session this morning to take testimony on the Air Force budget request for fiscal year 2015. I would like to welcome, on behalf of the committee, Secretary Deborah Lee James in her first appearance before our subcommittee, and may I commend President Obama on making an excellent choice. You have had a lot of experience on the Hill and a lot of experience off the Hill, and we are highly appreciative of your role and new responsibilities.

Ms. JAMES. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. General Welsh is making a second appearance before the committee. General, welcome back, and may I say thank you for representing the best of America, the men and women of the United States Air Force, and a special thumbs up to the remarkable men and women who at Bagram Airbase do that air transport, the land stool, any of us that have been over that part of the world, and I know we are winding down there. But the transport of those individuals with serious injuries and the way and manner and the professional way it is done is truly remarkable. So I salute you.

Air power is vital to the Department's ability to project power globally and to rapidly respond to contingencies. The Air Force brings capabilities critical to national security in the air and the space, in cyberspace and will continue to improve performance in each. We will incorporate Next Generation Equipment and concepts into the force to address sophisticated threats, key priorities include continuing plans to field the new generation of combat aircraft and making advancements in cyber capabilities, avionics, weapons, tactics and training. These are not my words; they come directly from the Quadrennial Defense Review, and they illustrate the tough decisions the Air Force will have to make balancing current readiness with future modernization.

This committee also has some tough decisions to make in coming weeks, and this morning we are anxious to know from our witnesses where our Air Force is going with its nuclear mission; with the F-35 procurement; with the KC tanker program; with the combat rescue helicopter; the Next Generation JSTARS platform; the proposed long-range strike bomber; the role of UAVs; the competition between U-2 and Global Hawk; the high-altitude ISR and

other military satellites and the role and size of our Air Guard and Reserves.

We must also seek your views on military modernization in China and the threats posed by the Russian Federation in what we call transnational terrorists. As the QDR said, and I quote, "Air power is vital" in defending America and America's interest. And we need to know how the Air Force is preparing itself to meet current and future threats in an increasingly dangerous world.

I would now like to recognize my Ranking Member, Mr. Visclosky, for any comments that he may make, but, again, Madam Secretary, General Welsh, thank you for being with us.

Mr. Visclosky.

OPENING COMMENTS OF MR. VISCLOSKY

Mr. VISCLOSKY. Chairman, thank you very much for having the hearing today, and I want to thank the Secretary as well as General for your appearance and your service and look forward to your testimony.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Visclosky.

Madam Secretary, good morning.

Ms. JAMES. Good morning, and thank you very much, Mr. Chairman, Mr. Visclosky and Members of the Committee. General Welsh and I really appreciate the opportunity to come before you today and we do have written testimony, which is combined between the two of us, and we would ask that it be included in the record.

Mr. FRELINGHUYSEN. It will be put in the record. Thank you.

SUMMARY STATEMENT OF SECRETARY JAMES

Ms. JAMES. It certainly is a huge honor and a privilege for me to serve as the 23rd Secretary of the Air Force alongside our nearly 690,000 Active Duty, Guard, Reserve, civilian Airmen and their families. I have now been on the job for all of 3 months, and I want you to know that I have visited 18 bases in 13 States. In addition, I have just returned from a trip to the Area of Responsibility (AOR), including stops at Kabul and Bagram, Kandahar and Shindand, so I had those stops in Afghanistan; and I saw terrific Airmen delivering crucial air space and cyberspace capabilities across the U.S. Central Command.

It was truly a phenomenal trip, and I was so proud to be among them, and I know many of you have visited with them, as well, overseas. And by the way, whenever I have visited a location, I have basically seen three things: I have seen leaders who are tackling tough issues at every level; I have seen every step of the way superb, total-force teamwork, but particularly Active, Guard, Reserve and civilians working together seamlessly. And once again, it all comes down to those amazing and innovative and enthusiastic Airmen who are so dedicated that their mission and to our Nation.

Now, Mr. Chairman, it is no secret to this committee that we are in challenging times, both in terms of our changing security environment as well as having a period of declining budgets. And so in this submission that we bring before you today, we have attempted

to tackle these challenges head on, and we have tried to do it in a thoughtful and deliberate and inclusive way.

So to make these tough choices, of course, we started with our strategy. It is a strategy for today: Defending the homeland against all strategic threats, building security globally by projecting U.S. influence and deterring aggression, and remaining ready to win decisively against any adversary should deterrence fail. So that is the mission of today.

But we also have a mission for tomorrow: We need to invest in new technologies and platforms, to take on new centers of power as well as those old centers of power that sometimes are troublesome, as well, and be prepared to operate in a much more volatile and unpredictable world, a world in which the American dominance of the skies and space can no longer be taken for granted.

Now, your Air Force is crucial in all of these areas, but the trouble is, the likely budget scenarios we face will leave us with gaps in this strategy that I have laid out. Now, I have been in the defense business for upwards of 30 years, and of course, I know as you know that strategy and budgets never match exactly; there are always some mismatches, and those mismatches force us to make budget decisions, judgment calls, you might say, about where we want to assume the most prudent risks.

I will grant you, I think this year is probably more difficult than most that I have seen. And by the way, we are very grateful for the stability that we have and the additional bump up in resources that we received in fiscal year 2014 and 2015 and under the Bipartisan Budget Act and the Consolidated Appropriations Act of Fiscal Year 2014. These laws didn't solve all of our ails. We are still faced with these difficult scenarios, but they were a great help and we want to thank you for that.

Our 2015 budget request does hit the budget targets, the dollar targets of the BBA, but it also contains something called the Opportunity Growth and Security Initiative. This is a \$26 billion initiative across DOD, 7 billion of which is targeted for the Air Force; and if we are to receive it, it would go toward readiness and investment priorities that will help us close those gaps I told you about.

So the bottom line is, the budget in a 5-year plan is all about rebalancing. We are all about rebalancing, readiness and future capability. It is not an either/or; we really need both. It is essential for our future.

Now, I would like to give you a quick overview of some of the major decisions, but put them in the framework of the three priorities that I have laid out for our Air Force. And those three priorities are: Taking care of people, balancing today's readiness with tomorrow's readiness, and ensuring that our Air Force is the most capable at the least cost to the taxpayer.

So beginning with taking care of people, as far as I am concerned, every job I have ever had I have learned, it always comes down to people, 100 percent of the time. So taking care of people to me means we need to recruit the right people, retain the right people, we need to develop them once we have them in the force. We need diversity of thought at the leadership table, diversity of background so that we make innovative decisions and solutions going forward.

We need to protect the most important family programs. We need dignity and respect for all, and that includes combating sexual harassment and assault and making sure that everybody in our Air Force is living the legacy and living our core values of integrity, service and excellence all the time. It means fair compensation going forward for our Air Force. So all of this is taking care of people.

Now, let me zero in on two areas where we have had some controversy lately. First is force reductions. We are coming down in all of our components, Active, Guard, Reserve and civilians, and we will rely more, not less, in the future on our Guard and Reserve. We think that makes good sense both from the mission standpoint as well as from the budgetary standpoint.

But as we draw down, it is not good enough just to get lower numbers; we have to reshape the force. At the moment on the Active Duty side, we have too many of certain types of career fields and too few of others. So we need to get in balance and we are doing that through both voluntary and involuntary initiatives.

The second controversy has to do with compensation, where we are proposing to slow the growth in military compensation. We think there are reasonable ways to do this and these are contained in our budget proposal and it is across DOD, but this was one of those hard decisions that nobody is really happy with, but it is necessary to ensure that we free up some money to put back into both the readiness of today as well as the modernization of tomorrow.

That leads me to priority two, which is balancing today's readiness and tomorrow's readiness. You are well aware that our readiness has suffered over the years and particularly last year during the period of sequestration where we had to ground flying squadrons and furlough civilians and delay maintenance and a whole host of other approaches.

In fiscal year 2015 we have fully funded our flying hours and other high-priority readiness issues; and if approved, we will see gradual improvements of readiness over time. It won't be overnight; it won't be in 1 year, but we will be on a good path toward getting to where we need to be.

At the same time, we are looking to tomorrow. So we do remain committed to those programs you mentioned, Mr. Chairman, the F-35, the KC-46 tanker, the long-range strike bomber, and our triad, two-thirds of which the bombers and the ICBMs reside in our Air Force. So we are committed to all of this, and we are funding these going forward.

We are also beginning to replace other aging platforms. As you mentioned, the combat rescue helicopter, we have laid the groundwork for the Next Generation of JSTARS, we have laid the groundwork for the replacement of our trainer aircraft, called the T-38. We want to invest in a new jet engine technology that promises reduced fuel consumption, lower maintenance, and will help the industrial base.

Now, to pay for all of these investments, given the budgetary realities, we had to make some hard choices, and we have to accept some risk. So here we go. It is not popular, but here are some of the tradeoffs that we chose to make: Retirement of the A-10 fleet and the U-2 fleet; limiting the growth of combat air patrols to 55

instead of 65, and by the way, today we are at 64, so we would still be going up, we are not just not going up as much.

We would retire the MQ-1 Predator fleet over time in favor of an entire MQ-9 Reaper fleet, that, of course, is the Predator. These are just a few examples of the tradeoffs, but by making these choices today, we will make sure that we don't end up getting bested in a contested environment in the future, and that is the kind of future that we are looking toward.

And that leads me to my last priority, making every dollar count for the taxpayer. To me, this means keeping acquisition programs on budget, on schedule; it means auditability as a fundamental principle of our good stewardship; it means trimming our overhead in the Air Force, including that 20-percent headquarter reduction that the Secretary of Defense asked us to do, and we think we are going to do better than that. And by the way, I do want to join with our Secretary of Defense and ask you to approve another round of BRAC in 2017.

I want to begin to wrap up by telling you the very serious impacts we feel we would face if we have to revert to the sequestration level budgets in fiscal year 2016 and beyond. We do not recommend this. We feel that it would compromise our national security too much.

So if we return to sequestration level budgets, this would mean retiring up to 80 more aircraft, including the entire KC-10 tanker fleet; deferring sensor upgrades for Global Hawk, which would bring it up to parity with the U-2; retiring Global Hawk Block 40 fleet; slowing the purchases of the F-35; reducing our CAPS further of Predators and Reapers; we wouldn't be able to do that Next Generation engine technology I told you about; and we might have to relook at the combat rescue helicopter and a whole series of other things.

So the bottom line is, it is a bad deal for the Air Force, for the DOD and the country, and we ask you to please support the higher levels of defense under the President's Budget request.

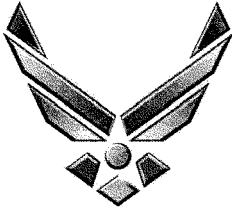
I will conclude, Mr. Chairman, by just offering you up my vision of the Air Force 10 years from now. It will be an Air Force which is smaller, but it will be an Air Force which is highly capable, innovative and ready. We will be a good value in everything that we do for our taxpayers. We will be able to respond overseas decisively through unparalleled air power, and we will also stand ready to defend here at home when disaster strikes.

We will be more reliant, not less on our Guard and Reserve, again it makes good sense to do so from a mission standpoint and from our taxpayer standpoint; and we will be powered by the very best Airmen on this planet who live the culture of dignity and respect for all, integrity, service and excellence.

I want to thank all of you for what you do for our Nation, and I will yield to General Welsh.

[The joint statement of Secretary James and General Welsh follows:]

United States Air Force



Presentation

Before the House Appropriations
Committee, Subcommittee on Defense

Air Force Posture

Witness Statement of
Deborah Lee James, Secretary of the Air Force
General Mark A. Welsh III, Chief of Staff

March 26, 2014

Not for publication until released by the House Appropriations
Committee, Subcommittee on Defense



BIOGRAPHY



UNITED STATES AIR FORCE

DEBORAH LEE JAMES

Deborah Lee James is the Secretary of the Air Force, Washington, D.C. She is the 23rd Secretary of the Air Force and is responsible for the affairs of the Department of the Air Force, including the organizing, training, equipping and providing for the welfare of its more than 690,000 active duty, Guard, Reserve and civilian Airmen and their families. She also oversees the Air Force's annual budget of more than \$110 billion.

Ms. James has 30 years of senior homeland and national security experience in the federal government and the private sector. Prior to her current position, Ms. James served as President of Science Applications International Corporation's Technical and Engineering Sector, where she was responsible for 8,700 employees and more than \$2 billion in revenue.



For nearly a decade, Ms. James held a variety of positions with SAIC to include Senior Vice President and Director of Homeland Security. From 2000 to 2001, she was Executive Vice President and Chief Operating Officer at Business Executives for National Security, and from 1998 to 2000 she was Vice President of International Operations and Marketing at United Technologies.

During the Clinton Administration, from 1993 to 1998, Ms. James served in the Pentagon as the Assistant Secretary of Defense for Reserve Affairs. In that position, she was the Secretary of Defense's senior advisor on all matters pertaining to the 1.8 million National Guard and Reserve personnel worldwide. In addition to working extensively with Congress, state governors, the business community, military associations, and international officials on National Guard and Reserve component issues, she oversaw a \$10 billion budget and supervised a 100-plus-person staff. Prior to her Senate confirmation in 1993, she served as an assistant to the Assistant

Secretary of Defense for Legislative Affairs.

From 1983 to 1993, she worked as a professional staff member on the House Armed Services Committee, where she served as a senior advisor to the Military Personnel and Compensation Subcommittee, the NATO Burden Sharing Panel, and the Chairman's Member Services team.

Ms. James earned a Bachelor of Arts degree in comparative area studies from Duke University and a master's degree in international affairs from Columbia University School of International and Public Affairs.

EDUCATION

1979 Bachelor of Arts degree in comparative area studies, Duke University, Durham, N.C.

1981 Master's degree in international affairs, Columbia University, N.Y.

CAREER CHRONOLOGY

1. 1983 - 1993, Professional Staff Member, Armed Services Committee, U.S. House of Representatives, Washington, D.C.
2. 1993 - 1998, Assistant Secretary of Defense for Reserve Affairs, Office of the Secretary of Defense, Washington, D.C.
3. 1999 - 2000, Vice President of International Operations and Marketing, United Technologies, Washington, D.C.
4. 2000 - 2001, Executive Vice President and Chief Operating Officer, Business Executives for National Security, Washington, D.C.
5. 2002 - 2013, Senior Vice President and Director for Homeland Security; Senior Vice President, C4IT Business Unit General Manager; Executive Vice President, Communications and Government Affairs; President, Technical and Engineering Sector, Science Applications International Corporation, McLean, Va.
6. 2013 - present, Secretary of the Air Force, Washington, D.C.

(Current as of December 2013)



BIOGRAPHY



UNITED STATES AIR FORCE

GENERAL MARK A. WELSH III

Gen. Mark A. Welsh III is Chief of Staff of the U.S. Air Force, Washington, D.C. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipping of 690,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.

General Welsh was born in San Antonio, Texas. He entered the Air Force in June 1976 as a graduate of the U.S. Air Force Academy. He has been assigned to numerous operational, command and staff positions. Prior to his current position, he was Commander, U.S. Air Forces in Europe.



EDUCATION

- 1976 Bachelor of Science degree, U.S. Air Force Academy, Colorado Springs, Colo.
- 1984 Squadron Officer School, by correspondence
- 1986 Air Command and Staff College, by correspondence
- 1987 Master of Science degree in computer resource management, Webster University
- 1988 Army Command and General Staff College, Fort Leavenworth, Kan.
- 1990 Air War College, by correspondence
- 1993 National War College, Fort Lesley J. McNair, Washington, D.C.
- 1995 Fellow, Seminar XXI, Massachusetts Institute of Technology, Cambridge
- 1998 Fellow, National Security Studies Program, Syracuse University and John Hopkins University, Syracuse, N.Y.
- 1999 Fellow, Ukrainian Security Studies, John F. Kennedy School of Government, Harvard

University, Cambridge, Mass.

2002 The General Manager Program, Harvard Business School, Harvard University, Cambridge, Mass.

2009 Fellow, Pinnacle Course, National Defense University, Fort Lesley J. McNair, Washington, D.C.

2009 Leadership at the Peak, Center for Creative Leadership, Colorado Springs, Colo.

ASSIGNMENTS

1. August 1976 - July 1977, Student, undergraduate pilot training, Williams Air Force Base, Ariz.
2. July 1977- January 1981, T-37 Instructor Pilot and class commander, Williams AFB, Ariz.
3. January 1981 - May 1981, Student, fighter lead-in training, Holloman AFB, N.M.
4. May 1981 - August 1981, Student, A-10 training, Davis-Monthan AFB, Ariz.
5. August 1981 - May 1984, Instructor pilot, Flight Commander and wing standardization and evaluation Flight Examiner, 78th Tactical Fighter Squadron and 81st Tactical Fighter Wing, Royal Air Force Woodbridge, England
6. May 1984 - June 1987, Commander, Cadet Squadron 5, later, executive officer to the Commandant of Cadets, U.S. Air Force Academy, Colorado Springs, Colo.
7. June 1987 - June 1988, Student, Army Command and General Staff College, Fort Leavenworth, Kan.
8. June 1988 - October 1988, Student, F-16 conversion training, Luke AFB, Ariz.
9. October 1988 - July 1992, Operations Officer, 34th Tactical Fighter Squadron, later, Commander, 4th Tactical Fighter Squadron, Hill AFB, Utah
10. July 1992 - June 1993, Student, National War College, Fort Lesley J. McNair, Washington, D.C.
11. June 1993 - June 1995, Chief, Defense and Space Operations Division, Operations Directorate (J3), Joint Staff, the Pentagon, Washington, D.C.
12. June 1995 - April 1997, Commander, 347th Operations Group, Moody AFB, Ga.
13. April 1997 - June 1998, Commander, 8th Fighter Wing, Kunsan Air Base, South Korea
14. June 1998 - June 1999, Commander, College of Aerospace Doctrine, Research and Education, Maxwell AFB, Ala.
15. June 1999 - September 2001, Commandant of Cadets and Commander, 34th Training Wing, U.S. Air Force Academy, Colorado Springs, Colo.
16. September 2001 - April 2003, Director of Plans and Programs, Headquarters U.S. Air Forces in Europe, Ramstein Air Base, Germany
17. April 2003 - June 2005, Director of Global Power Programs, Office of the Assistant Secretary of the Air Force for Acquisition, Headquarters U.S. Air Force, Washington, D.C.
18. June 2005 - June 2007, Deputy Commander, Joint Functional Component Command for Intelligence, Surveillance and Reconnaissance, U.S. Strategic Command, Bolling AFB, Washington, D.C.
19. July 2007 - August 2008, Vice Commander, Air Education and Training Command, Randolph AFB, Texas
20. August 2008 - December 2010, Associate Director of the Central Intelligence Agency for Military Support/Associate Director for Military Affairs, Central Intelligence Agency, Washington, D.C.
21. December 2010 - July 2012, Commander, U.S. Air Forces in Europe; Commander, Air

Component Command, Ramstein Air Base, Germany; and Director, Joint Air Power Competency Center, Ramstein Air Base, Germany
 22. August 2012 - present, Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

SUMMARY OF JOINT ASSIGNMENTS

1. June 1993 - June 1995, Chief, Defense and Space Operations Division, Operations Directorate (J3), Joint Staff, the Pentagon, Washington, D.C., as a lieutenant colonel and a colonel
 2. June 2005 - June 2007, Deputy Commander, Joint Functional Component Command for Intelligence, Surveillance and Reconnaissance, U.S. Strategic Command, Bolling AFB, Washington, D.C., as a major general
 3. August 2008 - December 2010, Associate Director for Military Affairs, Central Intelligence Agency, Washington, D.C., as a major general and a lieutenant general
 4. December 2010 - July 2012, Commander, U.S. Air Forces in Europe; Commander, Air Component Command, Ramstein Air Base; and Director, Joint Air Power Competency Center, Ramstein Air Base, Germany, as a general

FLIGHT INFORMATION

Rating: Command pilot
 Flight hours: More than 3,300
 Aircraft flown: F-16, A-10, T-37 and TG-7A

MAJOR AWARDS AND DECORATIONS

Defense Distinguished Service Medal with oak leaf cluster
 Distinguished Service Medal with oak leaf cluster
 Defense Superior Service Medal with oak leaf cluster
 Legion of Merit with oak leaf cluster
 Distinguished Flying Cross with oak leaf cluster
 Meritorious Service Medal with two oak leaf clusters
 Air Medal with oak leaf cluster
 Aerial Achievement Medal
 Joint Service Commendation Medal
 Air Force Commendation Medal

EFFECTIVE DATES OF PROMOTION

Second Lieutenant June 2, 1976
 First Lieutenant June 2, 1978
 Captain June 2, 1980
 Major May 1, 1985
 Lieutenant Colonel June 1, 1989
 Colonel Feb. 1, 1994
 Brigadier General Aug. 1, 2000
 Major General Aug. 1, 2003
 Lieutenant General Dec. 9, 2008
 General Dec. 13, 2010

(Current as of August 2012)

TABLE OF CONTENTS

Introduction 1

Strategic Environment 1

Fiscal Environment..... 2

 Historical Perspective..... 2

 Fiscal Realities 2

 Effects of FY13 Budget and Sequestration..... 2

 FY14 Game Plan 3

 FY15 and Beyond - Long Range Vision 3

FY15 Budget Decision Methodology 4

 Full-Spectrum Readiness..... 4

 Fleet Divestment..... 5

 Active Component/Reserve Component (AC/RC) Mix 6

 Recapitalization vs. Modernization..... 7

Making Every Dollar Count 8

 Program Stewardship..... 8

 Energy 9

 Base Realignment and Closure (BRAC) 9

 Military Compensation 10

Airmen..... 10

 Innovative Force..... 10

 Airmen and Family Support 10

 Air Force Sexual Assault Prevention and Response..... 11

 Diversity 11

 Force Management..... 12

America’s Air Force 12

 A Global, Ready Force 12

 Air Force Core Missions 12

Conclusion..... 16

INTRODUCTION

America's Airmen and Air Force capabilities play a foundational role in how our military fights and wins wars. The Air Force's agile response to national missions – in the time, place, and means of our choosing – gives our Nation an indispensable and unique advantage that we must retain as we plan for an uncertain future. Whether responding to a national security threat or a humanitarian crisis, your Air Force provides the responsive global capabilities necessary for the joint force to operate successfully.

It takes the combined efforts of all of our military Services and the whole of government to deny, deter, and defeat an enemy, and over the last decade this integration has tightened. Just as we depend on our joint partners, every other Service depends on the Air Force to do its job. Whether it is Global Positioning System (GPS) information to navigate waterways, airlift to get troops to and from the fight, manning intercontinental ballistic missile (ICBM) silos to deter aggression, or reconnaissance and satellite communication to tell forces where enemy combatants gather or hide, the Air Force provides these capabilities, as well as many others. Here at home, our Airmen patrol the skies ready to protect the homeland and are integral to the movement of people and lifesaving supplies when disasters, like Hurricane Sandy or the California wildfires, strike. This capability to see what is happening and project power anywhere in the world at any time is what *Global Vigilance*, *Global Reach*, and *Global Power* are all about.

The current fiscal environment requires the Air Force to make some very tough choices. When making decisions about the best way for the Air Force to support our Nation's defense, the abrupt and arbitrary nature of sequestration created a dilemma between having a ready force today or a modern force tomorrow. To best support national defense requirements, comply with the Defense Department's fiscal guidance, and meet defense strategy priorities, as updated by the 2014 Quadrennial Defense Review (QDR), we attempted to preserve capabilities to protect the homeland, build security globally, and project power and win decisively. To do this the Air Force emphasized capability over capacity. We worked hard to make every dollar count so we could protect the minimum capabilities for today's warfighting efforts, while also investing in capabilities needed to defeat potential high-end threats of the future. Moving forward, we seek to maintain a force ready for the full range of military operations while building an Air Force capable of executing our five core missions: 1) air and space superiority; 2) intelligence, surveillance, and reconnaissance (ISR); 3) rapid global mobility; 4) global strike; and 5) command and control, all against a well-armed and well-trained adversary in 2023 and beyond.

STRATEGIC ENVIRONMENT

The United States Air Force has long enjoyed technological superiority over any potential adversary. However, the spread of advanced technology has eroded this advantage faster than anticipated. The proliferation of nuclear weapons, cyber capabilities, cruise missiles, ballistic missiles, remotely piloted vehicles, air defense systems, anti-satellite development efforts, and technologically advanced aircraft, including 5th generation fighters, are particularly concerning. Increased access to such capabilities heightens the potential for the emergence of additional near-peer competitors—adversaries capable of producing, acquiring, and integrating high-end capabilities that rival or equal our own and can possibly deny our freedom of action. This means

we may not be able to go where we need to in order to protect our national security interests. This dynamic security environment creates both opportunities and challenges for the United States. As we address known threats, we must also have the vision to understand the changing strategic landscape, and keep an open mind with regard to which of these changes represent true threats, and which may present strategic opportunities.

FISCAL ENVIRONMENT

HISTORICAL PERSPECTIVE

The Air Force has always had to balance what we can do (capability), how much we have to do it with (capacity), and how well trained and responsive we need to be (readiness). However, over time our trade space has been shrinking. As an Air Force, with respect to aircraft and personnel, we are on course to be the smallest since our inception in 1947. After peaking at 983,000 active component Airmen in 1952, we have consistently gotten smaller. While the military as a whole has grown since 9/11, the Air Force has further reduced our active component end strength from 354,000 to just over 327,600 today. Also, the Air Force post-war budget drawdowns in the 1950s and 1970s were followed by major acquisition programs that fielded most of our current missile, bomber, tanker, fighter, and cargo inventory, yet post 9/11 investments have replaced less than five percent of the currently active combat aircraft. Since 1990, our aircraft inventory has decreased from 9,000 to 5,400 aircraft, and the average aircraft age has increased from 17 to 27 years. Additionally, since 1962, our annual budget's non-Blue Total Obligation Authority (TOA) (funding that the Air Force does not control and cannot use to balance other requirements) has risen to more than 20 percent of our total Air Force TOA.

This narrow trade space and constrained funding leave no room for error. Past drawdown strategies suggest that the Air Force should prioritize high-end combat capabilities; near-term procurement of highly capable and cost-effective weapons and munitions as force multipliers; and long-term research and development for the next-generation weapon delivery platforms. Simultaneously, we must gain and maintain readiness across the full range of operations.

FISCAL REALITIES

In fiscal year 2015 (FY15), the Air Force must be able to execute national defense requirements while also recovering from the impacts of FY13 sequestration, and adjusting to the FY14 Bipartisan Budget Act (BBA) funding levels and the uncertainty in the future years planned budget top line for FY16 and beyond. We are working hard to make the right choices that maximize each taxpayer dollar and ensure we can meet national security needs today and in the future.

EFFECTS OF FY13 BUDGET AND SEQUESTRATION

The magnitude of the cuts generated in FY13 by sequestration was difficult to absorb in the short term. We stood down 31 active component squadrons for more than three months. We initiated civilian furloughs, putting extreme stress on the workload and personal finances of our civilian workforce. We cut maintenance of our facilities, in many cases by 50 percent, and delayed major maintenance actions, including depot aircraft overhauls.

With support from Congress, the Air Force was able to realign \$1.7 billion into operations accounts. This allowed us to cover our overseas contingency operations requirements and enabled us to resume flying operations, but these budget adjustments came at a sacrifice to future weapon system modernization. Of the units affected by the FY13 sequestration, only about 50 percent have returned to their already degraded pre-sequestration combat ready proficiency levels, and it will take years to recover from the weapon system sustainment backlog.

FY14 GAME PLAN

Though the BBA and the FY14 Appropriations Act provided partial sequestration relief in FY14, and some help for FY15, they do not solve all of our problems. The additional funds help us reverse our immediate near-term readiness shortfalls and enable the Air Force to build a plan that mostly shields our highest priorities, including: flying hours; weapon system sustainment; top three investment programs; and key readiness requirements such as radars, ranges, and airfields. However, the tightening fiscal caps combined with the abrupt and arbitrary nature of sequestration clearly drove the Air Force into a “ready force today” versus a “modern force tomorrow” dilemma, forcing us to sacrifice future modernization for current readiness.

This dilemma is dangerous and avoidable and will continue to be a threat in 2015 and beyond. If given the flexibility to make prudent cuts over time and avoid sequestration, we can achieve significant savings and still maintain our ability to provide *Global Vigilance, Global Reach*, and *Global Power* for the Nation.

FY15 AND BEYOND - LONG RANGE VISION

The FY15 President’s Budget (PB) is our effort to develop and retain the capabilities our Nation expects of its Air Force within the constraints placed upon us. The least disruptive and least risky way to manage a post-war drawdown is to wait until the end of the conflict to reduce spending and to provide a ramp to the cuts. Sequestration provides no such ramp. However, the FY15 PB in conjunction with the BBA does allow for a more manageable ramp, as seen in Chart I, *Air Force Budget Projections*. This funding profile allows us to move toward balance between capability, capacity, and readiness.

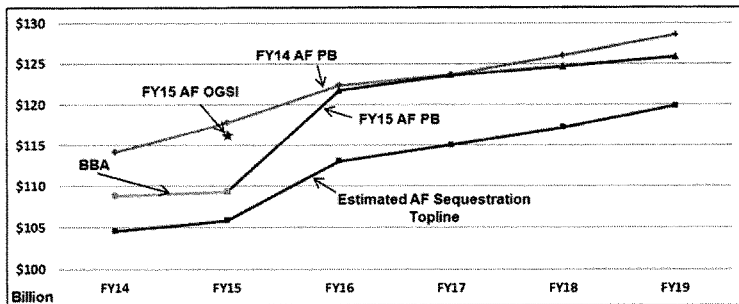


Chart I: Air Force Budget Projections

Maintaining the FY15 PB top line level of funding will provide the time and flexibility to make strategic resourcing choices to maximize combat capability from each taxpayer dollar. If we continue to be funded at the FY15 PB top line level we can continue a gradual path of recovery to full-spectrum combat readiness, preserve munitions inventories, and protect investments such as the new training aircraft system and the next generation of space-based systems. Additionally, the President has proposed an additional Opportunity, Growth, and Security Initiative (OGSI) to accompany the FY15 Budget Request. For the Air Force, this \$7 billion additional investment would enhance our readiness posture, enable us to fund critical modernization programs, accelerate recapitalization efforts, and improve our installations and bases.

A sequestration-level budget would result in a very different Air Force. We are aggressively seeking innovative cost savings and more efficient and effective ways of accomplishing our missions, however these initiatives will not be sufficient to reach sequestration funding levels. To pay the sequestration-level bill we will have to sacrifice current tanker and ISR capacity by divesting KC-10 and RQ-4 Block 40 fleets, all of our major investment programs will be at risk, and our readiness recovery will be significantly slowed due to required cuts in weapon system sustainment and ranges.

FY15 BUDGET DECISION METHODOLOGY

During the development of the FY15 budget submission, the Air Force took a bold but realistic approach to support the Air Force 2023 framework and the 2012 Defense Strategic Guidance, as updated during deliberations on the 2014 QDR. To do this within fiscal guidance, including the Strategic Choices and Management Review, we had to make difficult trades between force structure (capacity), readiness, and modernization (capability). As a result, the Air Force established four guiding principles to steer our strategy and budget process.

- (1) We must remain ready for the full-spectrum of military operations;
- (2) When forced to cut capabilities (tooth), we must also cut the associated support structure and overhead (tail);
- (3) We will maximize the contribution of the Total Force; and
- (4) Our approach will focus on the unique capabilities the Air Force provides the joint force, especially against a full-spectrum, high-end threat.

When building the budget, there were no easy choices. We divested fleets and cut manpower that we would have preferred to retain. We focused on global, long-range, and multi-role capabilities, especially those that can operate in contested environments, which meant keeping key recapitalization programs on track. We made these choices because losing a future fight to a high-end adversary would be catastrophic.

FULL-SPECTRUM READINESS

Because of our global reach, speed of response, and lethal precision, the Air Force is the force that the Nation relies on to be first in for the high-end fight. This is our highest priority. To do this we must be ready across the entire force. This means we need to have the right number of Airmen, with the right equipment, trained to the right level, in the right skills, with the right

amount of support and supplies to successfully accomplish what the President tasks us to do in the right amount of time...and survive.

Over the past 13 years, the Air Force has performed exceptionally well during combat operations in Iraq and Afghanistan. However, these operations have focused on missions conducted in a permissive air environment and with large footprints for counterinsurgency. This left insufficient time or resources to train across the full range of Air Force missions, especially missions conducted in contested and highly contested environments. To ensure success in future conflicts, we must get back to full-spectrum readiness. We can only get there by funding critical readiness programs such as flying hours, weapon system sustainment, and training ranges, while also balancing deployments and home-station training—in short, reducing operational tempo. This will not be a quick fix; it will take years to recover. If we do not train for scenarios across a range of military operations, including a future high-end fight, we accept unnecessary risk. Risk for the Air Force means we may not get there in time, it may take the joint team longer to win, and our military service members will be placed in greater danger.

FLEET DIVESTMENT

Given the current funding constraints, the Air Force focused on ways to maximize savings while minimizing risk to our joint forces and our ability to support national defense requirements. Every aircraft fleet has substantial fixed costs such as depot maintenance, training programs, software development, weapons integration, spare parts, and logistics support. Large savings are much more feasible to achieve by divesting entire fleets rather than making a partial reduction to a larger fleet. This allows us to achieve savings measured in the billions rather than “just” millions of dollars.

Upon first glance, divesting an entire fleet is undesirable because it removes all of a fleet’s capabilities from our range of military options. For example, divesting the A-10 causes a loss of combat-tested aircraft optimized to conduct the close air support mission. However, the A-10 cannot conduct other critical missions, such as air superiority or interdiction, and cannot survive in a highly contested environment. Air superiority, which gives ground and maritime forces freedom from attack and the freedom to attack, is foundational to the way our joint force fights. It cannot be assumed, must be earned and is difficult to maintain. One of the dramatic advantages of airpower in a major campaign is its ability to eliminate second echelon forces and paralyze the enemy’s ability to maneuver. As the Air Force becomes smaller, we must retain multi-role aircraft that provide greater flexibility and more options for the joint force commander.

Another example is the Air Force’s U-2 and RQ-4 Global Hawk Block 30, high-altitude ISR aircraft. The U-2 has been the combatant commanders’ high-altitude ISR platform of choice due to its exceptional reliability, flexibility, survivability, and sensor capabilities. In the current fiscal environment, the Air Force cannot afford to maintain both platforms. While both have performed marvelously in Afghanistan and other theaters worldwide, the Global Hawk RQ-4 Block 30 provides unmatched range and endurance and, after multiple years of focused effort, now comes at a lower cost per flying hour. With responsible investment in sensor enhancements, the Global Hawk RQ-4 Block 30 can meet high-altitude, long endurance ISR

requirements. Therefore, long-term affordability after near-term investments provides a stronger case for the RQ-4 Global Hawk Block 30 in a constrained funding environment.

To support combatant commanders and act as good stewards for the taxpayer, we need to divest entire fleets of aircraft to achieve large savings while preserving the capabilities the Air Force uniquely provides to the joint force.

ACTIVE COMPONENT/RESERVE COMPONENT (AC/RC) MIX

American Airmen from each component — Regular Air Force, Air National Guard, and Air Force Reserve — provide seamless airpower on a global scale every day. The uniformed members of today's Total Force consist of approximately 327,600 Regular Air Force Airmen, 105,400 Air National Guardsmen, and 70,400 Air Force Reserve Airmen actively serving in the Selected Reserve, as authorized by the FY14 National Defense Authorization Act (NDAA). Over the past two decades, to meet combatant commander requirements and the demands of recurring deployments, the Air Force has increasingly called upon its Total Force. This elevated use of the Air National Guard and Air Force Reserve has transformed a traditionally strategic reserve force into a force that provides operational capability, strategic depth, and surge capacity. As the Air Force becomes smaller, each component will increase reliance on one another for the success of the overall mission.

To meet Department of Defense (DoD) strategic guidance for a leaner force that remains ready at any size, the Air Force plans to remove approximately 500 aircraft across the inventories of all three components, saving over \$9 billion. Additionally, the Air Force has instituted an analytical process of determining the proper mix of personnel and capabilities across the components to meet current and future requirements within available resources. Air Force leadership representing the active and reserve components, including adjutants general, teamed to develop the Air Force FY15 Total Force Proposal (TFP-15) that preserves combat capability and stability for our Total Force. Taking into account recent lessons learned and existing fiscal realities, this compilation of actions maximizes every dollar and leverages opportunities to move personnel and force structure into the reserve component, while still preserving capability and capacity across all three components. To do this, the Air Force plans to transfer aircraft from the active component to the Air National Guard and the Air Force Reserve, including the transfer of flying missions to locations that would otherwise have no mission due to fleet divestments. This effort helps the Air Force maintain combat capability within mandated budgetary constraints by using the strength and unique capabilities of the Guard and Reserve components to make up for capabilities lost as active duty end strength declines, a concept known as compensating leverage. Leaders from all three components developed the TFP-15 plan which accomplishes these objectives using the following principles as guidelines:

- Where possible, replacing divested force structure with like force structure (e.g., A-10 with F-16);
- Adding similar force structure without driving new military construction;
- Adding same-type force structure to units where possible and returning mission sets to locations where they were previously located;

- Considering opportunities to realign force structure to the reserve component prior to any decision to completely divest aircraft; and
- Considering new aircraft deliveries as options for mission transition at uncovered locations.

In January 2013, as part of the Air Force's effort to optimize the capabilities of the active and reserve components, the Secretary of the Air Force (SecAF) and the Chief of Staff of the Air Force (CSAF) established the Total Force Task Force (TF2) to explore and leverage the unique strengths and characteristics of each component. This task force conducted a comprehensive review of Total Force requirements, offered ideas for improving collaboration between the three components, and gave us a starting point for future Total Force analysis and assessment efforts. To continue the body of work initiated by the TF2, and facilitate a transition to a permanent staff structure, the CSAF directed the stand-up of a transitional organization, the Total Force Continuum (TF-C), on October 1, 2013. The TF-C is continuing to develop and refine decision support tools that will help shape and inform the FY16 budget deliberations.

The Air Force has made great strides in understanding how a three-component structure can operate as a powerful, efficient, and cost-effective Service that maximizes the integrated power of our air, space, and cyberspace forces. This needs to be the way we do business, without even thinking about it. We will continue to seek ways to strengthen and institutionalize the collaboration and cooperation between the components, including reviewing the National Commission on the Structure of the Air Force's findings. Our initial examination of the Commission's report suggests a great deal of symmetry between many of their recommendations and current Air Force proposals for the way ahead. The Air Force is committed to ensuring that our Total Force is fully synchronized to deliver an unparalleled array of airpower anywhere in the world.

RECAPITALIZATION VS. MODERNIZATION

One of the most critical judgments in building the Air Force plan for 2015 and beyond was how to balance investment in our current aging fleet against the need to buy equipment that will be viable against future adversaries. Forced to make tough decisions, we favored funding new capabilities (recapitalization) over upgrading legacy equipment (modernization). We cannot afford to bandage old airplanes as potential adversaries roll new ones off the assembly line. For example, the backbone of our bomber and tanker fleets, the B-52 and KC-135, are from the Eisenhower era, and our 4th generation fighters average 25 years of age. That is why our top three acquisition priorities remain the KC-46A aerial tanker, the F-35A Joint Strike Fighter, and the Long Range Strike Bomber (LRS-B).

The KC-46A will begin to replace our aging tanker fleet in 2016, but even when the program is complete in 2028 we will have replaced less than half of the current tanker fleet and will still be flying over 200 KC-135s. Similarly, our average bomber is 32 years old. We need the range, speed, survivability, and punch that the LRS-B will provide. Tankers are the lifeblood of our joint force's ability to respond to crisis and contingencies, and bombers are essential to keeping our Air Force viable as a global force. In our FY15 budget submission, we have fully funded these programs.

The F-35A is also essential to any future conflict with a high-end adversary. The very clear bottom line is that a 4th generation fighter cannot successfully compete with a 5th generation fighter in combat, nor can it survive and operate inside the advanced, integrated air defenses that some countries have today, and many more will have in the future. To defeat those networks, we need the capabilities the F-35A will bring. In response to tightening fiscal constraints, the Air Force has deferred four F-35As in the Future Years Defense Program (FYDP). If the President's projected top-line enhancements are not realized, and future appropriations are set at sequestration-levels, the Air Force may lose up to 19 total F-35As within the FYDP.

Moving forward, we cannot afford to mortgage the future of our Air Force and the defense of our Nation. Recapitalization is not optional—it is required to execute our core missions against a high-end threat for decades to come.

MAKING EVERY DOLLAR COUNT

PROGRAM STEWARDSHIP

The Air Force and our Airmen are committed to being good stewards of every taxpayer dollar. One way we are doing this is by making sound and innovative choices to maximize combat capability within available resources. Recently, the Air Force announced its intent to proceed with the program to ensure the continued availability of the Combat Rescue Helicopter (CRH). The CRH contract award protects a good competitive price and effectively uses the \$334 million Congress appropriated to protect the program.

Another example of maximizing the bang out of each taxpayer buck is the KC-46A tanker contract. The recapitalization of the Air Force's tanker fleet is one of our top three priorities, and the fixed-price contract for 179 aircraft represents an outstanding return on investment for the Air Force and the American people. The program is currently on track in cost, schedule, and technical performance, and in the FY15 PB we were able to save \$0.9 billion in KC-46A Aircrew Training System and other KC-46A program risk adjustments based on successes to date. Keeping this program on a stable funding path is imperative to meeting our contractual obligations and ultimately to our Air Force's ability to meet national defense requirements.

The Air Force remains committed to delivering space capabilities at a better value to the taxpayer. In cooperation with Congress and the office of the Secretary of Defense, we have used the Efficient Space Procurement strategy to drive down costs of two key satellites, Space-Based Infrared System (SBIRS) and Advanced Extremely High Frequency (AEHF). Through stable research and development funding, block buys, and fiscal authority to smooth our spending profile combined with strong contracting and negotiation approaches using fixed price contracts and "should cost" reviews, the Air Force has been able to achieve significant savings. For satellites 5 and 6 of the AEHF program, these practices reduced Air Force budget requirements \$1.6 billion¹ from the original independent cost estimate of the Cost Assessment and Program Evaluation office (CAPE). For SBIRS 5 and 6 these practices have already reduced the budget

¹ FY12-FY17 savings

\$883 million² from the original CAPE estimate and negotiations are still ongoing. Since our policy is to fund to the CAPE independent cost estimates, these savings are real dollars that are now available to reduce the pressure on our budget.

Perhaps the best results are on the Evolved Expendable Launch Vehicle (EELV) program where we have used competition, long term contracts (where there is only one provider), and good understanding of costs to get better deals for the government. This year's budget reduces the program by \$1.2 billion. Combined with prior year Air Force reductions and savings for the National Reconnaissance Office, we have reduced the total program by \$4.4 billion since its "high water mark" in the FY12 budget. The Air Force remains committed to driving competition into the launch business and we are actively supporting new entrants in their bids for certification. At the same time we must maintain our commitment to mission assurance that has resulted in unprecedented success. We have had 68 successful EELV launches and 30 additional successful National Security Space launches in a row, but we know that the only launch that matters is the next one.

These are just a few examples of how the Air Force is optimizing our allocated resources. Good stewardship of the taxpayer's dollars demands we look for more efficient ways to accomplish the mission as an inherent part of our program and budget decision-making process every year.

ENERGY

To enhance mission capability and readiness, the Air Force is diligently managing our resources including our demand for energy and water. By improving the efficiency of our processes, operations, facilities, and equipment, the Air Force can generate cost savings and decrease our reliance on foreign energy sources. The Air Force has reduced its facility energy consumption by 20 percent since 2003 and has instituted a number of fuel saving initiatives, reducing the amount of fuel our aircraft have consumed by over 647 million gallons since 2006. Additionally, we are investing \$1.4 billion across the FYDP for next generation jet engine technology that promises reduced fuel consumption, lower maintenance costs, and helps ensure a robust industrial base. By instituting aircraft and installation efficiencies over the past five years, we avoided an energy bill \$2.2 billion higher in 2013 than it would have been otherwise.

BASE REALIGNMENT AND CLOSURE (BRAC)

As we make efforts to become more efficient by improving and sustaining our installations, we also recognize we carry infrastructure that is excess to our needs. The Air Force is fully involved in the office of the Secretary of Defense led European Infrastructure Consolidation efforts. Since 1990, the Air Force has decreased European main operating bases from 25 to 6, returning more than 480 sites to their respective host nations and reduced Air Force personnel in Europe by almost 70 percent. While we have made large reductions in base infrastructure overseas, and previous BRAC rounds made some progress in reducing U.S. infrastructure, we still spend more than \$7 billion operating, sustaining, recapitalizing, and modernizing our physical plants across the Air Force each year. While our best efforts to use innovative programs have paid dividends,

² FY13-FY18 savings

such as recapitalizing our housing through privatization and pursuing public-public and public-private partnerships, we continue to spend money maintaining excess infrastructure that would be better spent recapitalizing and sustaining weapons systems, training for readiness, and investing in our Airmen's quality of life needs. The Air Force has limited authority under current public law to effectively consolidate military units or functions and then divest real property when no longer needed. To save considerable resources, we request BRAC authority in 2017.

MILITARY COMPENSATION

Military compensation has risen over the last decade and has helped the Air Force to recruit and retain a world class force in the midst of an extended period of high operations tempo. To sustain the recruitment and retention of Airmen committed to serve the Nation, military compensation must remain highly competitive. However, in light of projected constraints on future defense spending DoD needs to slow the rate of growth in military compensation in order to avoid deeper reductions to force structure, readiness, and modernization efforts critical to support the warfighter and the national defense. The Air Force supports the military compensation recommendations and will reinvest the savings back into readiness to provide our Airmen with the necessary resources to remain the best equipped and best trained Air Force in the world.

AIRMEN

INNOVATIVE FORCE

We are the best Air Force in the world because of our Airmen. We continue to attract, recruit, develop, and train Airmen with strong character who are honor bound, on and off-duty, by the Air Force's core values of *Integrity First*, *Service Before Self*, and *Excellence in All We Do*. We depend on a workforce that leads cutting-edge research, explores emerging technology areas, and promotes innovation across government, industry, and academia.

The budgetary constraints in FY14 and beyond force the Air Force to become smaller. However, as we shrink, we must continue to recruit and retain men and women with the right balance of skills to meet Air Force mission requirements, and maintain a ready force across the full-spectrum of operations. Attracting science, technology, engineering, and mathematics (STEM) talent to our civilian workforce has been hampered by furloughs, hiring and pay freezes, and lack of professional development opportunities. Despite fiscal constraints, the Air Force needs to continue to attract and nurture our Nation's best and brightest into both our military and our civilian workforces, because it is our innovative Airmen who continue to make our Air Force the best in the world.

AIRMEN AND FAMILY SUPPORT

Airmen and their families are our most important resource. We are committed to fostering a culture of dignity and respect, and to ensuring an environment where all Airmen have the opportunity to excel. As a result, the Air Force will preserve our core services programs (fitness, childcare, and food services) and warfighter and family support programs. Unfortunately, the

budget environment necessitates consequential reductions to morale, welfare, and recreation programs at U.S.-based installations to affect cost savings. We will do so in a manner that provides commanders as much flexibility as possible to respond to their individual military community needs and unique geographic situations.

AIR FORCE SEXUAL ASSAULT PREVENTION AND RESPONSE

The Air Force's mission depends on Airmen having complete trust and confidence in one another. Our core values of *Integrity*, *Service* and *Excellence*, define the standard. Sexual assault is absolutely inconsistent and incompatible with our core values, our mission, and our heritage. As such, our SAPR program is a priority both for ensuring readiness and taking care of our Airmen.

During the last year, the Air Force has worked hard to combat sexual assault. We have invested in programmatic, educational, and resourcing efforts aimed at reinforcing a zero tolerance environment. Our SAPR office now reports directly to the Vice Chief of Staff of the Air Force. We revamped our wing and group commanders' and senior non-commissioned officers' sexual assault response training courses, established full-time victim advocates with comprehensive training and accreditation requirements, and implemented the Defense Sexual Assault Incident Database to streamline data collection and reporting efforts.

The Air Force has been DoD's leader in special victim capabilities, particularly with the success of the Air Force's Special Victim's Counsel (SVC) program. The SVC program provides victims with a dedicated legal advocate whose sole job is to help the victim through the often traumatizing legal process following an assault. So far the results have been exceptional. Since the program's implementation, more than 565 Airmen have benefited from SVC services, and in FY13, 92 percent of the victims reported that they were "extremely satisfied" with SVC support. Due to its success, the Secretary of Defense has directed all Services to stand up similar SVC programs. The Air Force has also established a team of 10 Special Victims' Unit senior trial counsels and 24 Air Force Office of Special Investigations agents who have received advanced education and training to work sexual assault cases.

Providing a safe, respectful, and productive work environment free from sexual innuendo, harassment, and assault is the responsibility of every Airman, and the Air Force is committed to realizing this vision.

DIVERSITY

The Nation's demographics are rapidly changing, and the makeup of our Air Force must reflect and relate to the population it serves. To leverage the strengths of diversity throughout our Air Force, our leaders must develop and retain talented individuals with diverse backgrounds and experiences, and create inclusive environments where all Airmen feel valued and able to contribute to the mission. Air Force decision-making and operational capabilities are enhanced by enabling varied perspectives and potentially creative solutions to complex problems. Moreover, diversity is critical for successful international operations, as cross-culturally competent Airmen build partnerships and conduct the full range of military operations globally.

The competition for exceptional diverse talent will remain fierce. To compete with other government agencies and the business sector to attract and recruit the Nation's finest talent, the Air Force must develop an accessions strategy that taps new markets of diverse, high performing youth. In a similar sense, the Air Force must continue targeted development of existing talent, and continue to promote a comprehensive mentorship program that trains all Airmen to view operational problems and opportunities through a diversity lens.

FORCE MANAGEMENT

In FY14 and FY15, we will implement a number of force management programs designed to reduce the overall size of the force while maintaining our combat capability. The goal of these programs is to make reductions through voluntary separations and retirements, maximizing voluntary incentives to ensure a smooth transition for our Airmen. To meet current funding constraints, significant reductions in total end strength over the FYDP are required, and may impact up to 25,000 Airmen. These reductions are driven largely by the divestiture of associated force structure and weapons systems, headquarters realignment, and a rebalancing of aircrew-to-cockpit ratios in a post-Afghanistan environment. Realignment efforts will also reduce Headquarters Air Force funding by 20 percent immediately and combatant command headquarters funding through a 4 percent annual reduction reaching 20 percent by FY19. We have developed a plan to retain high performing Airmen so that we can accomplish the mission our Nation expects.

AMERICA'S AIR FORCE

A GLOBAL, READY FORCE

Over the past 35 years, the Air Force has been called upon more than 150 times to conduct combat or humanitarian operations in more than 50 countries around the world. It is impossible to predict when America will call on its Air Force next. It is our job to be ready.

The evolving complexity and potentially quick onset of warfare means that future conflicts will be a "come as you are" fight. There will be precious little time to "spin up" units that are unready to carry out their designated missions. Currently, the combatant commanders' requirement for fighter squadrons essentially equals the number of squadrons in the Air Force, and the requirement for bomber aircraft and ISR platforms is much greater than the number currently in the inventory. In simple economic terms, our supply across Air Force capabilities is less than or equal to the demand. Tiered readiness is not an option; your Air Force is either ready or it is not.

AIR FORCE CORE MISSIONS

Airmen bring five interdependent and integrated core missions to the Nation's military portfolio. These core missions have endured since President Truman originally assigned airpower roles and missions to the Air Force in 1947. While our sister Services operate efficiently within the air, space, and cyber domains, the Air Force is the only Service that provides an integrated capability on a worldwide scale. Although the way we operate will constantly evolve, the Air Force will

continue to perform these missions so that our military can respond quickly and appropriately to unpredictable threats and challenges.

Air and Space Superiority...Freedom from Attack and the Freedom to Attack

Air and space superiority has long provided our Nation an asymmetric advantage. The Air Force's FY15 budget request focuses on the capabilities necessary to ensure we can provide the theater-wide air and space superiority our combatant commanders require.

Since April 1953, roughly seven million American service members have deployed to combat and contingency operations all over the world. Thousands of them have died in combat. Not a single one was killed by bombs from an enemy aircraft. Air superiority is a fundamental pillar of airpower and a prerequisite to the American way of modern, joint warfare—we cannot fail. In calendar year 2013 (CY13), the Air Force flew over 27,000 air superiority sorties, accounting for over 37,000 flight hours. These sorties directly supported critical missions, such as homeland air sovereignty with Operation NOBLE EAGLE and the protection of the President of the United States. Additionally, the Air Force flew numerous Theater Security Posture missions in the Central Command and Pacific Command areas of responsibility.

To ensure we can provide unmatched air superiority capability and manage the risk associated with combat force reductions and emerging advanced technologies, the Air Force is modernizing munitions and platforms. In FY15, the Air Force continues to invest in the AIM-120D and AIM-9X air-to-air missiles and develop new munitions to address future threats. Upgrades to the F-22 program and the procurement of the F-35A will also provide required capabilities to help ensure freedom of movement in contested environments. Continued upgrades to 4th generation platforms, such as the Joint Air-to-Surface Standoff Missile Extended Range for the F-16, are also necessary to ensure sustained viability in the future. These added capabilities will ensure the Air Force is prepared to survive today and meet tomorrow's challenges for control of the air.

America's freedom to operate effectively across the spectrum of conflict also includes its ability to exploit space. Every day joint, interagency, and coalition forces depend on Air Force space operations to perform their missions on every continent, in the air, on the land, and at sea. In CY13, the Air Force launched 8 National Security Space (NSS) missions totaling 68 consecutive successful Evolved Expendable Launch Vehicle launches to date and 98 consecutive successful NSS missions. In FY15, the Air Force will acquire three launch services and plans to launch 10 NSS missions. The Air Force will also continue the evaluation and certification of potential new entrants.

The space environment is more congested, contested, and competitive than ever, requiring the Air Force to focus on Space Situational Awareness (SSA). Our SSA modernization efforts include: moving forward with acquisition of the Space Fence (near-Earth SSA capability); defining the Space-Based Space Surveillance follow-on system; fielding the Geosynchronous Space Situational Awareness Program; continuing work with our Australian partners to field an advanced space surveillance telescope (deep-space SSA capabilities); and fielding the Joint Space Operations Center mission system (SSA command and control and data integration and exploitation).

The Air Force remains fully committed to the long-term goal of fostering international relationships and supporting ongoing security efforts with partner nations around the globe. Teaming with allies and partners not only helps cost and risk-sharing, it also increases capability and capacity to support contingency operations. Space is an area in which we have made significant progress in building partnerships.

Underpinning all of these capabilities is our ability to effectively operate in and through cyberspace. The advantages of effective cyberspace operations in speed, ubiquity, access, stealth, surprise, real-time battlespace awareness and information exchange, and command and control are manifest in every Air Force mission area and nearly every mission area has come to depend on them. Global strike; fused intelligence, surveillance, and reconnaissance; force and personnel movement; telemedicine; global logistics; financial systems; joint aerial network linkages; space control; remotely piloted aircraft and vehicle command and control; target deconfliction; fires coordination; and even aspects of national strategic (including nuclear) command and control, rely on cyberspace superiority. Despite the strategic risk this dependence introduces, the advantages to those mission areas are too great to forego, so the Air Force must continue to lead and leverage the advantages of cyberspace superiority.

Intelligence, Surveillance, and Reconnaissance...Delivering Decision Advantage

Air Force globally integrated ISR provides commanders at every level with the knowledge they need to prevent strategic surprise, make decisions, command forces, and employ weapons. Our ISR Airmen identify and assess adversary targets and vulnerabilities from hideouts to bunkers to mobile launchers with greater accuracy than ever seen in the history of warfare. In 2013 alone, Airmen flew over 27,000 ISR missions, enabled the removal of 1,500 enemy combatants from the fight, provided critical adversary awareness and targeting intelligence to U.S. and coalition forces in over 350 troops-in-contact engagements, enhanced battlespace awareness through 630,000 hours of sustained overwatch of tactical forces and communication lines, and identified over 350 weapons caches and explosive devices that would have otherwise targeted American and partner forces. ISR reduces uncertainty about our adversaries and their capabilities, strengthens deterrence, prompts adversaries to act more cautiously, provides intelligence that allows commanders a decision-making advantage, and delivers real-time information on which troops rely to fight effectively and win.

In recent years, the development of Air Force ISR capabilities has focused mainly on meeting the needs of permissive combat environments. In more contested future environments, gaining and maintaining an ISR advantage will become increasingly difficult and even more important. Therefore, the Air Force will focus primarily on enhancing ISR capabilities for operations in contested environments. Accomplishing this will require updating the current mix of ISR assets, while also giving significant and sustained attention to modernizing Air Force ISR systems, capabilities, and analytical capacity.

Rapid Global Mobility...Delivery on Demand

The Air Force's rapid global mobility capability is truly unique. There is no other force in the world that would have the confidence to place its fighting men and women at the end of an 8,000 mile logistical train. The fact that we are able to reliably supply a military force of 100,000³ troops in a landlocked country half a world away during an active fight is simply amazing.

On any given day, Airmen deliver critical personnel and cargo and provide airdrop of time-sensitive supplies, food, and ammunition on a global scale. Averaging one take-off or landing every two minutes, every day of the year, America's mobility fleet provides a capability unmatched by any air force across the globe. Whether it is sustaining the warfighter in any environment or delivering hope with humanitarian assistance, our Airmen ensure that the whole of government and international partners are strengthened with this unique capability to get assets to the fight quickly, remain in the fight, and return home safely.

In CY13, Airmen flew 26,000 airlift missions, and over the course of 345 airdrops, the Air Force dropped 11 million pounds of combat-enabling sustainment to coalition forces on the ground in Afghanistan. As the linchpin to power projection at intercontinental distances, Air Force tanker crews flew 31,700 missions and aeromedical evacuation crews airlifted 5,163 wounded Soldiers, Sailors, Airmen, Marines, and injured civilians around the globe. Since 9/11, America's tanker fleet has offloaded over 2.69 billion gallons of fuel to joint and coalition air forces, and the Air Force has logged an astounding 194,300 patient movements.

To ensure global reach, the Air Force will continue to protect this vital mission by recapitalizing our aging aerial tanker fleet with the KC-46A, modernizing the inter-theater airlift fleet, and continue supporting the C-130J multi-year procurement contract that will extend beyond FY18.

Global Strike...Any Target, Any Time

The Air Force's nuclear and conventional precision strike forces can credibly threaten and effectively hold any target on the planet at risk and, if necessary, disable or destroy it promptly—even from bases in the continental United States. These forces possess the unique ability to achieve tactical, operational, and strategic effects all in the course of a single combat mission. Whether employed from forward bases or enabled by in-flight refueling, global strike missions include a wide range of crisis response and escalation control options, such as providing close air support to troops at risk, interdicting enemy forces, supporting special operations forces, and targeting an adversary's vital centers. These capabilities, unmatched by any other nation's air force, will be of growing importance as America rebalances its force structure and faces potential adversaries that are modernizing their militaries to deny access to our forces.

In CY13, the Air Force flew 21,785 close air support sorties in Operation ENDURING FREEDOM, including over 1,400 sorties with at least one weapons release. In the rebalance to the Pacific, the Air Force rotated five fighter squadrons and three bomber squadrons to forward

³ At their peak, U.S. military forces in Afghanistan consisted of 100,000 military members and over 112,000 contractors. Source: CRS 2011 report "DoD Contractors in Afghanistan and Iraq"

locations in Guam, Japan, and Korea to project power and reassure our regional partners and flew over 43,000 missions bolstering theater security and stability. We continue to invest in the Pacific theater to ensure viability of our Air Force bases through a combination of hardening, dispersal, and active defenses.

The Air Force will focus future efforts on modernizing global strike assets to ensure that American forces are prepared to act when, where, and how they are needed. The multi-role F-35A is the centerpiece of the Air Force's future precision attack capability, designed to penetrate air defenses and deliver a wide range of precision munitions. Procuring the F-35A aircraft remains a top priority, and we plan to achieve initial operational capability in 2016.

The backbone of America's nuclear deterrence is the ICBM fleet. To ensure the ICBM's viability through 2030, the Air Force will invest in updated warhead fuzes, as well as beginning guidance and propulsion modernization programs and modernization of launch facilities and communication centers. While the LRS-B is the bomber of the future, the Air Force will continue to modernize current B-2 and B-52 aircraft to keep these nuclear capabilities viable. The Air Force will ensure we are able to maintain the flexibility to deploy nuclear forces in a manner that best serves our national security interests.

Command and Control...Total Flexibility

Air Force command and control systems provide commanders the ability to conduct highly coordinated joint operations on an unequaled scale. Getting the right information to the right person at the right time is essential to the American way of war. The capability to deliver airpower is also intimately dependent on the ability to operate effectively in cyberspace, a domain in and through which we conduct all of our core missions and which is critical to our command and control. Operations in cyberspace magnify military effects by increasing the efficiency and effectiveness of air and space operations and by integrating capabilities across all domains. However, the Nation's advantage in command and control is under constant attack with new and more capable threats emerging daily in the areas of cyber weapons, anti-satellite systems, and electromagnetic jamming. Our adversaries are making advances by electronically linking their own combat capabilities, which create new military challenges.

To counter these challenges, the Air Force will prioritize development and fielding of advanced command and control systems that are highly capable, reliable, resilient, and interoperable, while retaining the minimum command and control capacity to meet national defense requirements. More importantly, we will recruit and train innovative Airmen with the expertise to build, manage, secure, and advance our complex and diverse command and control systems.

CONCLUSION

Ultimately, our job is to fight and win the Nation's wars. While, the Air Force's FY15 budget submission remains strategy-based, it is also shaped by the fiscal environment. At the levels requested in the President's budget, the Air Force protects the capabilities required to prevail in the more demanding operational environment in years to come. By making tough choices today we set ourselves on a path to produce a ready and modernized Air Force that is smaller, yet still lethal against potential adversaries in the future. Regardless of the strategic tradeoffs made, at

sequestration-levels it is not possible to budget for an Air Force that is capable of simultaneously performing all of the missions our Nation expects. We would end up with a force that is less ready, less capable, less viable and unable to fully execute the defense strategy. While we would still have the world's finest Air Force able to deter adversaries, we would also expect to suffer greater losses in scenarios against more modern threats.

Airpower...because without it, you lose!

SUMMARY STATEMENT OF GENERAL WELSH

Mr. FRELINGHUYSEN. General Welsh, the floor is yours and your entire statement will be put in the record, so if you could summarize it for us, that would be great.

General WELSH. Thank you, Chairman, I will do so. Thank you, Ranking Member Visclosky and members of the Committee for allowing us to be here. It is always a privilege to be up here before you.

Ladies and gentlemen, your Air Force is the finest in the world and we need to keep it that way. We built this budget to ensure that Air Force combat power remains unequal, but that does not mean that it will remain unaffected. Every major decision reflected in this budget proposal hurts. Each of them reduce the capability that our combatant commanders would love to have and believe they need and there are no more easy cuts. That is just where we are today.

We simply can't ignore the fact that the law is currently written and returns us to sequestered funding levels in fiscal year 2016, so that is also considered as part of our plan. And to prepare for that, we must cut people and force structure now to create a balanced Air Force that we can afford to train and operate in fiscal year 2016 and beyond.

I will submit the rest of this oral statement for the record, sir. There is one thing I would like to walk through, though, because it highlights the very tough decisions that are having to be made. And let me say that because we needed to cut billions of dollars, not millions of dollars out of our budget, the normal trimming around the edges just wasn't going to get it done, and so we looked at cutting fleets of aircraft as a way to get to the significant savings that are required.

And let me walk you briefly through that logic. In our air superiority mission area, we already have reductions in our proposal, but eliminating an entire fleet would leave us unable to provide air superiority for an entire theater of operations, and we are the only service that can do so. Intelligence, Surveillance, and Reconnaissance (ISR) is the number one shortfall of our combatant commanders year after year. They would never support even more cuts than we already have in our budget proposal.

We have several fleets of aircraft in the global mobility mission area. I actually spoke with Chief of Staff of the Army, Ray Odierno, to ask what he thought about reductions in our airlift fleet as we were going through this planning, his view was that a smaller Army would need to be more responsive and able to move quicker. He did not think that reducing airlift assets further was a good idea, and the Secretary and I agree.

We looked at our air refueling fleets and considered divesting the KC-10 as an option, just one example, but analysis showed us that the mission impact was too significant. But as the Secretary said, if we do return to sequestered funding levels in 2016, that option will have to be back on the table.

We looked at the KC-135 fleet, but we would have to cut many more KC-135s than KC-10s to achieve the same savings, and with that many KC-135s out of the fleet, we simply can't meet our

worldwide mission requirement. In the strike mission area, cutting the A-10 fleet would save us \$3.7 billion across the FYDP, and another \$500 million in cost avoidance for upgrades that we wouldn't have to achieve.

To get that same savings would require a much higher number of either F-15s, or F-16s, but we also looked at those options. We ran a detailed operational analysis comparing the divestiture of the A-10 fleet to the divestiture of the B-1 fleet, to reducing the F-16 fleet, to reducing the F-15E fleet, to deferring procurement of a large number of F-35s outside the FYDP, and to decreasing readiness by standing down a number of fighter squadrons and just parking them on the ramp.

We use the standard DOD planning scenarios and the results very clearly showed that cutting the A-10 fleet was the lowest risk option from an operational perspective out of a bunch of bad options. And while no one is happy, especially me, about recommending the divestiture of this great old friend, from a military perspective, it is the right decision. And it is representative of the extremely difficult choices that we are facing in the budget today.

The funding levels we can reasonably expect over the next 10 years dictate that for America to have a capable, credible and viable Air Force in the mid-2020s, we must get smaller now. We must modernize our force, but we can't modernize as much as we would like to, and we must maintain the proper balance across all of our mission areas because that is what the combatant commanders expect from us.

Thank you for your continued support of our Air Force and my personal thanks for your unending support of our Airmen and their families. The Secretary and I look forward to your questions.

Mr. FRELINGHUYSEN. Great. Thank you, General Welsh. Thank you both for your testimony.

Before recognizing Vice Chairman Granger for the first line of questioning, four of us on this panel were in the Air Force's capable hands as we travel to Pakistan, Afghanistan, Qatar and Jordan, and hats off to Colonel Sam Grable and Major George Nichols who were with you or stand behind you today for their assistance. It was wings up all the way. No problems. So we are highly appreciative.

Mr. MORAN. Here, here.

Mr. FRELINGHUYSEN. I had to wait until Mr. Moran showed up before I gave those kudos, but he is loyal and true and did show up so I could do it in a show of unity.

Ms. Granger.

SEXUAL ASSAULT RESPONSE

Ms. GRANGER. Thank you very much.

Secretary James and General Welsh, thank you for what you are doing, and we really are anxious to hear more details about the enormous demands that you have before us and decisions.

But before we do that, I would like you to spend a few minutes. A year ago with the fiscal year 2014 Air Force budget hearing, it was really turned into a hearing on the Air Force sexual assault because of the terrible acts of one officer here in Washington. And

at that time, a lot was said about zero-tolerance policies within the Air Force and heightened screening for new recruits.

I would like you to take just a few minutes to talk about the success of your Special Victims Counseling Program, but also tell us what steps have been taken to help weed out perpetrators before they enter your service, and what is happening at the academies and how you address Secretary Hagel's directive requiring additional screening of sexual assault coordinators and recruiters and military training instructors and bring us up to speed on that.

Ms. JAMES. Okay, thank you, Ms. Granger. First of all, I want you to know, I am fully committed to this as is the Chief, and we are both working this hard. So for example, I told you all this travel I have been doing, everywhere I go, I meet privately with the Sexual Assault Response Coordinators (SARCs), I meet with the Special Victims' Counsels, I meet with victims' advocates, sort of one-on-one to get their point of view about how things are going in the location where they are serving.

And my overall feeling is that we are making progress. We are making progress in getting the force more comfortable believing that reporting is a good thing, and indeed, our reports are up over the last year on the order of about 33 percent. We don't yet know about the incidents. We will know that at the end of December 2014, so the end of this year we will have more data on the incidents. Of course, what we want are reports up and incidents down, ultimately.

Now, as to the Special Victims' Counsel Program, I think it has been a tremendous success. We are ramping it up a little bit as we go forward, and as you know, they are spreading it now across the Department of Defense because it has been so successful. It has given victims more confidence.

Additionally, it has helped to turn some restricted reports into unrestricted reports. And as everybody knows, the key difference there is when a victim makes a restricted report, they can get care and counseling and help, but we don't get told anything, and therefore, it can't be investigated. So to turn these types of reports into unrestricted where they can be investigated and something can be done about it, of course, is a tremendous help. And the Special Victims' Counsel has done that, as well.

As far as trying to root out predators from our system, we are looking at a number of ideas. We are trying to learn as much as we can from the civilian sector and from civilian research to see if we can come up with a better knowledge about profiles of people, to recognize people in advance; that is one idea that we are working on.

Another idea is to look at the questions that we ask new entrants into the Air Force. We ask many questions about conduct and health and all sorts of questions. We are wondering if there might not be additional questions that depending on the answers could root out predators. So these are just some ideas we are working on. Don't have anything solid to recommend at this point.

General WELSH. Only one or two things to add, ma'am. First of all, the Secretary mentioned this idea of Special Victims' Counsels helping people transition from restricted to unrestricted reports. This is really a big deal. It has allowed us to move forward with

prosecutions that we could not have in the past by getting victim's report for an investigation, which, as you well know, is a difficult thing for a lot of reasons.

The victims used to transition at about a 13-percent rate in the past from unrestricted to restricted. Those who have Special Victims' Counsels now over the past year have transitioned at almost a 50-percent rate, which allows us to move forward in many more cases and get to whatever the right outcome is.

The second thing I would mention is that there are lots of things that go into this increased confidence, we believe we are seeing it, in willingness to report. We put new investigation training programs into place for all of our Office of Special Investigations (OSI) investigators. We have new special prosecutors who have been trained in a different way now. All the services are pursuing this same approach.

Our prosecution rates have doubled in the last 2 years. Now, prosecution isn't the goal; the right outcome is the goal, but if we investigate better we should prosecute more. All that will contribute to increased confidence. Our conviction rates are up. There have been lots of positive trends. None of that is good enough. We have to continue the trends, accelerate the trends, figure out where the other game-changing approaches are and keep charging toward the only acceptable number, which is zero.

Ms. GRANGER. Thank you very much.

Mr. FRELINGHUYSEN. Thank you, Ms. Granger.

Mr. Moran.

Mr. MORAN. Thank you very much. Mr. Chairman, thank you for recognizing these two-star Air Force personnel. They are terrific, as I am sure all of their colleagues are.

F-35 JOINT STRIKE FIGHTER

General and Secretary, this subcommittee has, relatively speaking, been pretty supportive of the F-35. And it is a great plane. But I think we would be remiss if we did not raise questions over a fleet that the most at recent cost estimate is going to cost us \$1 trillion. It is a lot of money. And so the underlying question is, how can we afford it?

But let me ask some specific questions that we need to get on the record. Because the decision, Secretary, is to concurrently test and produce the F-35 has led to a number of problems that are kind of unprecedented in terms of the procurement process.

For example, we have issues with regard to on-board safety. I am going to mention a number of these, and you can pick and choose which ones you want to address. But we have a system that is supposed to prevent explosions after fuel tanker is hit by a bullet, and that is defective. We can't seem to be able to stop fires if they are caused by lightning strikes. So we wonder, is this going to cause a roadblock to production?

Then we have the helmet mounted display that has not done well in testing, and the pilots are saying that it causes spatial disorientation resulting from the jitter and the latency issues of the display. Again, is that a fatal flaw?

And then we are told that the distributed aperture system, you know, you have these six infrared cameras that track the incoming

missiles, it has failed in its most basic function as a missile warning and defense system, and now can't tell the difference between incoming missiles and the system's own decoy flares. Again, we are concerned about this.

And then, most recently, we were told that performance concerns have led to the imposition of severe training restrictions on the F-35. Training squadrons are prohibited from night flights, supersonic flights and flights in bad weather, particularly when there is any possibility of lightning. They are prohibited from dropping live ordnance or firing the aircraft's guns while training. So again, those kinds of restrictions cause some real concerns about achieving our training objectives.

So you may want to defer on some of this to General Welsh, but these are the concerns about a program that is going to cost the taxpayers \$1 trillion when all is said and done. Can you address at least some of them, Madam Secretary and General Welsh.

Ms. JAMES. Yes, I will. I will start, Congressman Moran, and then, as you say, General Welsh can also chime in.

So number one, I totally agree with you about the money, and it is an enormous amount of money. And there are a variety of pieces to this, of course, and I think that \$1-trillion figure, which is just so enormous, also goes to the 50 years of operations and sustainability and what not.

So in terms of trying to be on top, we are where we are, so the overruns have occurred, and there is nothing that I or General Welsh can do about that past history but the future is ours.

So, as you heard me say, I want to be on top of this as best as I can, so I have already met probably four times with the program manager on this, General Bogdan; I have been out to Edwards Air Force Base, California; I have been to Eglin Air Force Base, Florida; I have talked to the pilots; I have looked at the helmet; I have been exposed to many of these things that you mention; I have sat down with the head of Lockheed Martin, and I have specifically talked to her about some of these key concerns.

So we are on it. And particularly with respect to sustainability, we recognize that bending that cost curve, breaking that cost curb is going to be so crucial as we go forward. This issue of concurrence, you just put your finger on it, it is a devilishly difficult thing to be doing all of this at once. Again, that decision was made years ago and we are where we are.

The other person I am sticking close to is Dr. Gilmore, the Head of Independent Operational Tests and Evaluation, because he frequently has a slightly different point of view than the program office. I think it is very important to hear both of those points of view.

So I will just tell you that we are on all of these things. The program office feels like given where we are in the program that we are still going to meet the Initial Operational Capability (IOC) dates within reason. There is some slippages up to 6 months on one of the software development areas that the program office is predicting, but within reason, for something this complex, they feel like we are going to be reasonably on time for that IOC.

INDEPENDENT OPERATIONAL TESTS (IOC)

Mr. MORAN. Are you still talking about the IOC of 2016?

Ms. JAMES. That is right.

General WELSH. Congressman, let me start by saying that I am confident that we are going to be at IOC in 2016, as is Lieutenant General Bogdan, as, I think, is the contractor leadership team for the program.

A couple of quick things, the fuel tanks, the lightning strike concerns, those aren't new concerns, as you know, sir. Those have been a problem for awhile. Those fixes are actually coming into place now. The airplane is starting to fly more, in fact, you mentioned the helmet, the AAQ-37 Distributed Aperture System (DAS) system.

The airplane flew at night for the first time down at Eglin Air Force Base on Monday night. The flight went fantastic. I am trying to remember the exact quote but this is very close, from a note from the squadron commander who flew the sortie, his note to his boss said, well, my big takeaway is that we are not going to have big issues flying at night. The DAS system worked phenomenally well; the helmet worked great. The only issue he had is when he turned the DAS system off that there was a little bit of a green glow in the mass. It was a little bit distracting to him, he said. But this is just not an issue. And the DAS system operated superbly for him at night.

So the software issues that will allow us to not get the DAS confused by different inputs, whether they are airplane flares or a ground launch, it will allow them to utilize their full suite of weapons, have not been completed yet. Those are part of the development process.

The airplane's performance has been on track since 2011. We follow it very closely. I am in touch with Lockheed Martin leadership team, with the Program Executive Office (PEO) team, with the folks in the field. The Secretary and I have both visited both Eglin Air Force Base where our training program is, and Edwards Air Force Base where our test program is within the last month. We are paying an awful lot of attention to this, sir, and I am actually more confident than I have ever been that we will reach IOC. There will be software issues. Beyond that is where those software issues start to be a problem in getting the full operational capability of airplane finalized before FOC.

Mr. MORAN. Well, that is new and encouraging information that your first night flight was this Monday. Thank you. I didn't know that.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you. We had a keen interest, obviously, in this project.

Mr. Crenshaw.

LIGHT AIR SUPPORT

Mr. CRENSHAW. Thank you, Mr. Chairman. I have got just three quick questions, two about light air support and one about our space launch program. I think as you all know, we have got a lot of our international partners that can't buy, maintain big jet air-

craft, so we have these light air support that we help them particularly in Afghanistan and Iraq, the Philippines.

Sir, can you just give us an update, are we doing any foreign military sales other than those three countries on these light air support? I want just kind of an update on that program. And two, how does it work when somebody requests those kind of aircraft? Do we open up competition in our country to provide those? Give us a little overview of that.

Ms. JAMES. So, sir, the light air support, the A-29 issue that I am most familiar with, again, I was just over in Afghanistan, does pertain to the training of the Afghan Air Force. And so I think we are quite close to sort of finalizing a proposed way forward, and we are really waiting on General Dunford and his negotiations with the Afghan government on that.

There has been competition in that program, of course. And other countries do currently use the A-29, but I believe it is not in our inventory. So to the extent, it depends on where we are going to do this training of the Afghan pilots and Afghan maintainers, but of course, we have a process in the Air Force. Once we get the go ahead, we would launch our normal process to try to figure out where that training would occur.

Mr. CRENSHAW. You know, there is some talk that maybe, I mean, we spend a lot of money in Afghanistan training the pilots and the folks that are involved in those aircraft, and since nobody knows exactly what is going to happen politically, whether we are going to have any troops there or not, is there talk about training those Afghan pilots, bringing them to the United States and doing training; and if so, is that any concern to you in terms of security? Do you have an update on that?

Ms. JAMES. So there is discussion about this, and this is what we are sort of awaiting, the final discussions that General Dunford is having. But that is a possibility, and of course, the Air Force has a process, if you will, to try to decide when a new mission like that comes along where to put it, and that is what we are working through. And as I mentioned, I think we are getting close.

SPACE LAUNCH

Mr. CRENSHAW. And the last quick question is, the military space launch, the EELV program, and as I understand it, the United Launch Alliance, they provided all the launch services, and you are going to open up that to competition to other companies. And are you going to make sure that, I mean, since you have had one group doing everything, when you open up the competition, the question becomes making sure it is a level playing field. How are you going to ensure the new entrants have the kind of background expertise that all things are going to be considered?

Ms. JAMES. Right. So on the Evolved Expendable Launch Vehicle (EELV) program, the way I will describe it, and this is making it very simple but it is the way I can sort of remember it and talk it, you have different types of launches of different payloads. So I will say there are heavier launches and then there are lighter launches in terms of the weight. So right now, we are interested and we are trying to aggressively get more competition. We think that will be good for all of us. It will bring our costs down.

But the key thing is to make sure that the people are qualified, as you said, as you bring new entrants in. So there is this qualification process where new entrants have to demonstrate that they can actually do a certain number of launches. They have to share their engineering data with the Air Force just to make sure that they are qualified.

We think, if all goes well, we will have new entrants qualified for those lighter launches, maybe as early as the end of the year. And eventually, some years from now, I think the target is 2017, if all goes well, we would have new entrants qualified to do the heaviers, as well. So the point is, we are on a glide path to get more entrants qualified so that we can have competition. So that is kind of the road we are on. At the moment, United Launch Alliance (ULA) is the only one that is qualified to do any of these launches.

Mr. CRENSHAW. Thank you very much.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Crenshaw.

Ms. McCollum.

ENGINEER SHORTAGE

Ms. MCCOLLUM. Thank you. I appreciated in your testimony, you talked about 100 percent is personnel because you can have all the equipment in the world, but if you don't have good personnel to use it, you don't have much of anything, and balance. So I want to talk about something that really caught our eye in the office. It is from Defense News, March 24, and it is Air Force engineer shortage.

The Air Force Chief Scientist Endsley recently commented that the U.S. Air Force is facing a perfect storm of personnel issues that is endangering retention and recruitment of engineers. And we know how important it is to have good, you know, science in driving innovation, technology breakthroughs; so a shortage is very concerning.

And the shortage is both in Active Duty and civilian, according to this article. The article goes on to say that the main shortage isn't a lack of science and technology funding in the budget, but it is uncertainty. With sequestration still looming and 2016 government shutdowns, civilian pay freezes, there seems to be a lot disincentive for young engineers to choose the Air Force over a job in the private industry.

It goes on to point out, you know, that we don't have the enhanced graduate tuition that many of the private sector industries that were competing for these young men and women in, let alone the inability to attend scientific conferences where you can interact with people and move towards to have your work published in the future if you are a scientist.

So I want to know what kind of steps are being taken to prevent further erosion, and how, as we, as members of this committee, help with the recruitment and retain top scientists? And what do we need to do to be crystal clear that travel abuses will not be tolerated, but at the same time, expedite a way in which you can get people to attend top conferences so that we can retain?

And I do have another question, so if you could just kind of briefly answer that.

Ms. JAMES. So I think you are dead right. I think science, technology, engineering and math in general is very difficult to recruit and retain because they can, you know, those folks can write their own ticket. I will go you one better, they are hard for the defense industry. I come out of the defense industry, Science Applications International Corporation (SAIC) was my company, and we had a tough time recruiting and getting such people into our workforce. They wanted to go into other forms of high-tech. Defense was not seen nearly as cool as it once was.

So it is a hard problem and you add cyber on top of that and it is very difficult. I don't have any specific solutions to suggest at this point. We do have a series of bonuses and things of this nature that we utilize throughout the course of recruiting and retaining to make sure that we try to balance the force.

I would also say that when it comes to the temporary duties (TDYs) and so forth, we took a very hard line during the year of sequestration on that. I think you are going to see hopefully some easing of that. So that will naturally get a little bit more eased, I believe.

SPACE LAUNCH

Ms. MCCOLLUM. If you have some ideas and if you could get back to us.

I would like to go to my second question, but first, I would like to comment, Ms. Granger is right on. In our committee is lockstep wanting to do whatever we can do to work on the issue of sexual assault and have it down, as you said, to zero.

But Mr. Crenshaw, I want to expand on what he was talking about, of the launch program. Another issue that has arisen in recent weeks is the use of Russian-made RD-180 engines in the Atlas V rockets that launch our military satellites. It is my understanding that ULA has exclusive agreement with the Russian company that manufactures this particular engine.

I believe, you know, that we should be concerned that a heavily-reliance on these engines at a time when our country is imposing sanctions against Russia for its actions in the former area of Ukraine, the Crimea. So how well do the RD-180 engines perform? And I know Secretary Hagel is asking the Air Force to review this matter. Could you please comment what your assessment is on this and when it will be complete for this committee?

Ms. JAMES. So I share the worry, and as you mentioned, we have launched a review. By the end of May or so, we expect to have the results of that review which we will be looking at risk, cost, and how might we do it in the United States, things of this nature.

I will say this: This partnership, if you will, has been in existence for years. It has weathered various storms that we have had in the U.S./Russian relationships. That doesn't mean I am not worried about it; I am, but I am just trying to say we have seen ups and downs before.

I also want to tell you that ULA does have, I am told, a 2-year supply of these engines already on hand. I have learned a lot from my trip to the AOR: Having the equipment is one thing, but do you also have the spare parts? So we are looking into that just in case there are any other hitches out there.

But what I am hearing right now is at least for the next 2 years, no matter what, we are in okay shape. But it is worrying, and by the end of May, we should have our review done.

Mr. FRELINGHUYSEN. Thank you, Ms. McCollum.

Mr. Calvert.

CIVILIAN PERSONNEL LEVELS

Mr. CALVERT. Thank you, Mr. Chairman. A couple of quick questions. One, obviously, Madam Secretary, you and the General spent some time going over what capabilities must be cut in order to meet the future budget obligations and those are difficult decisions to make. But right now, the United States has 1.3 million Active Duty military personnel versus 770,000 civilian personnel. The Defense Business Board recommended the defense civilian reductions go back to the 2003 levels, or 15 percent, whichever is greater. If we go back in history, in 2003, we had 1.4 million Active Duty personnel versus 636 civilian personnel.

So we have had a significant increase in civilian personnel relative to the military personnel. That is actually a reduction in the military personnel and a substantial increase in civilian military personnel. What do you think is a reasonable ratio?

We are talking about a big number here. To bring that number back into the conformance ratio that it has been previously would save \$165 billion over 10 years, and we are talking about significant capability cuts both to in-strength especially in the Army, Marine Corps, obviously platforms and we have, I believe, a civilian workforce that is out of whack. What do you believe is a reasonable ratio here, and what are you prepared to do about it?

Ms. JAMES. So, Mr. Calvert, I don't have a particular ratio to offer up, but I will just make a couple points, if I may. We are coming down in our civilian personnel. The numbers that we put forth were very sort of judiciously figured out in terms of, you know, according to certain missions and reorganizations and 20-percent headquarter reductions and things like that. So our numbers add up to a total that was specifically developed rather than across the board.

Mr. CALVERT. According to your comptroller, it is going to be less than 5 percent. Less than 5 percent of civilian personnel will be touched through this process, and yet we are going to be cutting the in-strength of the United States Army by 15 percent, and the United States Marine Corps by more than 10 percent. And just through your own testimony, we are removing several weapons platforms and talking about parking air wings on the ramp.

Ms. JAMES. Right.

Mr. CALVERT. What do you think is more appropriate, the reducing civilian employees to a more proportionate level or ending, you know, troops strength and aircraft and the rest?

Ms. JAMES. So we want to scrub it as much as possible. But most of our civilians are involved with our depots, supporting our Guard and—

Mr. CALVERT. I am not talking about depots or wrench turners or that. The biggest growth in the civilian workforce has not been that, it has been in—folks in middle management and various occupations.

We have support from former comptrollers, former senior defense managers, many others who believe that the growth within the civilian workforce has gone out of bounds. And there is not anything you can do about it, because under the work rules you are not able to do reduction-in-force performance reviews and the rest. And we have a number of people that are up for retirement. So I hope you take a good look at this, because it seems to me that we ought to be looking at that versus removing necessary capability from the United States Air Force.

One other quick question. It was brought up, these EELVs, and I understand this, we all love Lockheed and Boeing and ULA, but they guard their contracts very judiciously, I understand that. But competition is important. And we need to take a close look at that because we need to allow these new interests to compete.

And, you know, let's face it, the military has been, over the history of the United States Military, I will just mention the Air Force, slow, for instance, to accept UAVs as a capable alternative to what was traditional aircraft. And I know you have changed that point of view, but there was a slow acceptance of new technology. And so we need to have an open mind and look at those technologies, and if they are capable, then accept it and save the taxpayer some money.

Mr. FRELINGHUYSEN. I think I will have to take that as a statement firmly held by Mr. Calvert, perhaps by others. Thank you, Mr. Calvert.

Mr. Ryan.

Mr. RYAN. Thank you, Mr. Chairman.

RESERVE COMPONENT C-130 AIRCRAFT

Secretary James, you mentioned that we need to rely more on our Air Guard and Reserve, and I appreciate that comment. We have a local Air Reserve Base in Youngstown that has C-130s there. As you know, it is the workhorse of the Air Force, and several of those were taken away. This budget divests in another C-130 from the Youngstown Air Reserve Station, losing one backup C-130 which takes us down to just eight C-130s.

My concern is that we are hurting the mission at reserve bases like Youngstown by subjecting them to a death by a thousand cuts. We are the only fixed-wing aerial spray unit, as well in the DOD, but Youngstown isn't the only base losing backup aircraft, C-130Hs. From looking at a copy of the Air Force summary of PB-15 adjustments, I see many bases are losing and being divested of their backup aircraft, C-130Hs.

Can you tell me where those planes are going, and General, as well, what the rationale behind those moves are and what the long-range plan for the Air Force's fleet of C-130s is.

Ms. JAMES. I will begin, sir, by telling you that the military has validated requirements and we budget against those, for tactical airlift, we currently have too much in the way of C-130s. So overall, the decision in this tough budget environment was to bring that down so that it is closer to the validated requirement.

As to what planes went where and so forth, I would yield to the Chief to elaborate.

General WELSH. Sir, the overall plan for the balance between the Active and Reserve components has been developed over the last year. We are about halfway through the proposals that we are going to put in place. We have done some detailed analysis, we would love to share it with you, by weapons system, on ratios between Active and Reserve components, and then within the Reserve components, the Air Guard and the Air Force Reserve working with the National Guard Bureau have worked with the Adjutant Generals to figure out what is the best way to balance those things.

When you talk about one or two C-130s coming out of the unit, it is so they can make units across the Guard and Reserve the same size. They want to provide a consistent template for support equipment, for everything they do to support the fleet. They thought that was the best way to balance those aircraft. And so we can come give you the details on all those moves if you would like.

The information follows:

The fiscal year 2015 President's Budget request reduces excess C-130 capacity by divesting 27 backup aircraft inventory C-130H aircraft. These aircraft will likely be retired to the 309th Aerospace Maintenance and Regeneration Group at Davis Monthan Air Force Base—known as the “bone yard.” As part of the normal fleet management process, the Air Force will analyze the C-130H fleet to ensure the best aircraft are kept in the inventory while those with the highest maintenance and modernization costs are retired.

The aircraft are being divested to reduce excess C-130 capacity. To this end, we will normalize Reserve Component C-130H squadrons to a standard size of 8 primary aircraft. The Mobility Capabilities Assessment-18 determined “there is no surge scenario associated with the current defense strategy—even one in which a significant homeland defense event occurs concurrently with two warfights—that requires a fleet of 358 C-130s.” In fact, the report finds that the Air Force requires no more than 320 C-130s, and potentially as few as 248.

The Air Force's long-range plan for its C-130 fleet is to right-size it in accordance with current analysis, modernizing where necessary and recapitalizing where feasible. Each C-130H recapitalized with a C-130J avoids the costs of expensive avionics modernization and center wingbox replacement. The current C-130J procurement effort is funded to 134 aircraft by fiscal year 2017. We will continue to examine when and how to recapitalize as part of future budget proposals; however, identifying funding to do so in the current fiscal environment remains a challenge.

AIRCRAFT MOVEMENTS

I will tell you what our 2015 budget also shows if you look carefully. Because we are only halfway through this, we haven't balanced all the force structure across the Active and Reserve components. The guidance from the beginning has been put as much as we can into the Reserve components. If we can become more efficient and remain operationally capable, why would we not do that?

So we are pushing everything we can by aircraft type because that is the way you have to do the analysis into the Reserve component. We are about 60 percent through that analysis. We will finish the rest this year. We have done it with the Air National Guard, the Air Force Reserve, the Active Duty sitting side by side, using the same cost models, the same decision support tools, and we have had the Adjutant Generals in the decision making process with us. And when we have a Program Objective Memorandum (POM) brief to the Secretary to make these decisions, those representative Adjutant Generals are sitting in the room and have a voice at the table.

We are trying hard to get this right. The cut in the Air National Guard manpower for this next year, 400 people versus 17,000 in the active component.

Ms. MCCOLLUM. Mr. Chairman, if the gentleman would yield for a second.

Mr. RYAN. I would be happy to yield.

Ms. MCCOLLUM. I heard what you said about you wanted every Air Reserve to look balanced. We have one in Minnesota that draws a lot from pilots that fly out of the Humphrey Airport and the International Airport. What I have heard from those pilots for retaining them in the Reserve is how much that they are going to have to drive and how much time that they are going to have to take off to go to other places if it closes.

So I hope you are surveying where your pilots are and you are talking to the pilots to make sure that while you are just looking at this someone here on paper that we aren't, you know, short-changing ourselves for pilot retention in the Reserve in the long run because those folks have a choice whether or not they stay in or go out, and they are flying full-time and they are doing this on off hours. And if we start adding more time into them going and getting the training, they are telling me they are considering leaving.

General WELSH. Ma'am, the Reserve and Guard are bringing all those discussions to the table. I hope they are talking to the pilots in Minneapolis. I will make sure they are. But the bottom line for all this in the budget is, we are getting smaller.

Mr. FRELINGHUYSEN. Mr. Ryan, I know your time is about up, since some of it was claimed by our colleague, but there is a keen interest in this issue here.

Mr. RYAN. Just real quick.

Mr. FRELINGHUYSEN. Go ahead. Fire away.

Mr. RYAN. So you are saying there is a more detailed account than the PB aircraft changes that we have here?

General WELSH. What I am saying is there is a reason all those changes are being made. We will be happy to come and talk to you. We will bring the Guard and the Reserve and sit down and tell you the story.

Mr. RYAN. And you think eight is about the number you want to have at each of the different bases?

General WELSH. That is the footprint they were looking at is eight, and as they balance the fleet that is what they did. Some of these airplanes are older, take more to maintain, so they are trying to centralize to places where they can be most efficient and maintain the fleet over time.

Mr. RYAN. Okay. Love to have you all come in.

Mr. FRELINGHUYSEN. Okay. Thank you, Mr. Ryan.

The gentleman from Oklahoma, Mr. Cole.

FISCAL ISSUES

Mr. COLE. Thank you very much, Mr. Chairman.

Thank both of you for being here, and thank both of you honestly for, I think, very politely but making the appropriate point that you are making a lot of tough decisions because the Congress hasn't really made very tough decisions in terms of what we are

going to do fiscally, and we are forcing a lot of that down on you. And that is something I have said repeatedly just to keep reminding ourselves.

And I know this committee feels very strongly about this. We don't deal with our entitlement crisis; we don't deal with the bigger fiscal issues in front of us. We are going to keep taking it out of the height of the American military, and that has got a lot of costs and risks associated with it. And I know you are both making decisions you don't like to make and that you probably wouldn't make, quite frankly, in different circumstances.

I do want to pick up on a point that Mr. Ryan made and asked about a specific concern, and I will admit right up front, it is shamelessly parochial. I will be like Ryan, shamelessly parochial, but I think appropriately so. Because he did make the point and you did make the point, General Welsh, that we are going to rely more on Reserve capability than we have in the past, and we are fortunate to have those folks.

AWACS

But, you know, we are also going to eliminate seven AWACS, and they are the entire Reserve capability that we have in that area. I mean, they are just going to be gone. And that is a, you know, low-density, high-use asset. We are using them right now, as you know, you know, in Europe to try and send a message to the Russians.

So I worry about the loss of that capability, particularly any in the Reserve component of it. So could you walk us through, insofar as you can, the decision to do that and explain to me why it might be wiser to actually put more of the Active fleet in Reserve and lower the cost that way as opposed to actually lose the capability.

General WELSH. Yes, sir. The decision and the recommendation that we have on the E-3 Airborne Warning and Control System (AWACS) is actually not based on that. It is based on this balancing of capability today versus modernization and capability 10 years from now. As a platform base force, you understand, we have to invest now to have the capability in the mid-2020s that is viable against the threat we expect then.

The AWACS is getting old. We have got to recapitalize it somehow. Within the Air Force budget, the only option we could come up with to modernize that fleet was to eat some of the aircraft to pay for the modernization of the command and control mission area. We completely understand, it means accepting more risk over the near term. And our combatant commanders aren't going to like that either, but if they want a capability in 2023 and beyond, we have to do something now.

If they are willing to not have a capability and just let the AWACS fleet time out or limp along in the mid-2020s, which I don't think anybody is interested in, then we do nothing. So this is about creating investment money to recapitalize the command and control system.

Mr. COLE. I understand the rationale perfectly well, and I think you are very wise not to count on us to do the right thing. But I also think and, you know, this is just a theoretical discussion here, that probably with sequestration looming, there is going to have to

be some sort of big-time deal in this place between the administration and the Congress, probably sometime early next year in the first quarter of the year.

Because we are not going to go through cuts of that magnitude, in my view, I just don't think they are sustainable. And again, I appreciate you, Madam Secretary, bringing that up and pointing that out, how critical that will be if we get past that point, because I think we are a lot further down this road than anybody a year or two ago thought we were going to be. I know certainly Congress never thought we were going to get to sequestration and we did. And I know that for a long time, the administration didn't. So we now know we are playing with live bullets that have real consequences for our military.

But I do think we can avoid that, and I am going to be looking for ways, if there are ways, because I think keeping that capability is really a force multiplier for us and for our allies. A lot of them simply don't have that capability and actually rely on us to provide it at a critical time.

I have got other questions, but I will reserve for another round, and again, thank both of you. Appreciate it.

Mr. FRELINGHUYSEN. Thank you, Mr. Cole.

Mr. Womack, thanks for your patience.

A-10

Mr. WOMACK. Thank you.

My compliments to the Secretary and to the Chief for their great work. I have a, and I will admit, I was hopelessly, shamelessly, however you referred to it, parochial about A-10s, once upon a time, and I have got an A-10 question that only demands just a brief answer. We are going to retire the fleet, but are we not investing more money in these A-10s wing replacement, I assume, the A-10C variant, that is complete. I don't know for sure, but do we continue to invest in platforms like the A-10 that we are targeting for elimination and why?

General WELSH. Congressman, the ones we would continue to invest in, even if it was approved to divest the fleet, would only be to keep the airplane viable through the end of its service life. We don't completely divest a fleet until 2019 under our plan. So if there is anything required to keep the fleet viable until then, we would have continued to invest in that. We would not invest in buying additional kits for upgrades that would happen beyond that point or to upgrade airplanes that we plan to divest over the next couple years.

MQ-9 REAPER

Mr. WOMACK. Now, I will be shamelessly parochial about the Reaper mission. Can you kind of walk me through the Air Force's plans long-term on Reaper? I know there have been some targeted numbers of procurement that have been reduced, but where are we in this process?

General WELSH. Yes, sir, right now, we have 64 orbits of Predators plus Reapers. Our game plan is to migrate all of the Predators, which are an older system, essentially the Wright Flyer of a remotely piloted aircraft. That airplane has been fantastically good

for us, but it doesn't have the capability of the MQ-9 Reaper. And so we will transition our entire Predator fleet to Reapers. As we do that, the Predator fleet will go away. Our intent was to grow originally to the Department-established requirement of 65 combat air patrols. That has been modified down to 55, which will allow us to use some of that money we save in that regard to start recapitalizing the rest of the ISR enterprise.

What the rest of the combatant commanders need and want is not 55 orbits of Reapers. But the plan right now is to continue with the Reaper plan that we currently have on track to include down at Fort Smith, Arkansas.

Mr. WOMACK. Yeah. In the Fort Smith area they are having, in this transition period, they are engaging the FAA on air space-related information. Is the Air Force having any problem at all with the FAA on air space issues related to, say, unmanned aerial aircraft?

General WELSH. I wouldn't call it a problem. I think this is something the FAA is doing their due diligence on for very good reasons. We are working closely with the FAA in places like Grand Forks Air Force Base, North Dakota to figure out how do you manage multiple types of remotely piloted aircraft in the same air space, something we need to do before the FAA will feel comfortable mixing unmanned aircraft with commercially piloted aircraft. So I think that is the push for the future, and the effort is ongoing and we need to continue it.

MILITARY COMPENSATION

Mr. WOMACK. My last question is directed to the Secretary, and it is just a general question. You know, my friend, Mr. Cole, talked about how the Congress is having a hard time recognizing and wrapping its arms around the real problem driving the deficits and the debt that affect our country today, and that is basically pensions and health care. And at a smaller level, not an insignificant level, but at a smaller level, it is affecting the five-sided building, too, pensions and health care.

Madam Secretary, what is your recommendation to the Secretary, to the President, on how we harness this growing problem where so much of our money that would be available for the platforms that we are talking about cutting and the end strength and the force structure are now going towards the mandatory side of the Pentagon spending as it is in our country?

Ms. JAMES. So Congressman Womack, I do think the proposals in our budget with respect to compensation are reasonable. Again, it is slowing the growth. We have had substantial growth in the last 12 or 13 years, and thank you to all of you who supported it, by the way, because we were able to, over that time, catch up military personnel to the equivalents in the private sector, and indeed, I think in some cases, we have exceeded those comparability statistics. So thank you for that.

But I think we are now at a point, given that our recruiting is strong, our retention is strong, as you heard me say, we are offering incentives for people in some cases to leave the service. Given that environment, we can afford to take a little bit of a risk, and slow that growth and compensation. So that is point one.

As far as the retirement is concerned, you know, there is, of course, the commission. They are due to report in something like 9 or 10 months. DOD has submitted some ideas but has not recommended one idea over the other. But everybody that I am aware of, certainly in DOD and the Administration, has put forth the important principle that when it comes to any retirement reforms, that people currently in the force, and people currently retired should be grandfathered, and that any sort of reforms should apply to new young people who have not yet entered the force.

So that is sort of the principle that we are all behind. But total-ity, I think we do need to get control of some of these costs, and to do it judiciously is the way to go.

Mr. WOMACK. Thank you.

Mr. COLE. Mr. Chairman, if I could just——

Mr. FRELINGHUYSEN. Thank you, Mr. Womack.

Mr. COLE. Just to make a quick point.

Mr. FRELINGHUYSEN. Go right ahead.

Mr. COLE. On a hopeful note, that is exactly what Congress did actually in the Ryan-Murray deal. That initial proposal, the reaction was negative, but we retained, you know, for new people, that would be the standard, but we would not, obviously, hurt those currently serving. So I agree with you.

Mr. FRELINGHUYSEN. Thank you. Mr. Visclosky.

BUDGET PROJECTIONS

Mr. VISCLOSKY. Thank you, Mr. Chairman. A couple of questions about what is not contained in the 2015 budget. In the administration's budget, the 2015 request is within, if you would, the agreed cap, for lack of a better term. But the proposed 5-year period thereafter, does not accept sequestration, and adds an additional \$116 billion above sequestration levels.

Are there items that are not contained in the 2015 budget that are contained in that \$116 billion that I consider a very speculative figure? It should be in 2015 on the theory, the \$116 billion you are never going to see it?

Ms. JAMES. So with respect to the fiscal year 2015 budget——

Mr. VISCLOSKY. I don't want to be a downer. I am just trying to be realistic here.

Ms. JAMES. Right. So with respect to the fiscal year 2015 budget, the way I would describe it is with the exception of that \$7 billion I told you which was in that opportunity security piece, you know, part of the \$26 billion, that is kind of, I will say, over and above the targets laid out in the BBA, but other than that, everything we testified to is in the fiscal year 2015 budget.

Mr. VISCLOSKY. Right.

Ms. JAMES. Fiscal year 2016 and beyond, that list that I gave you, we retire the KC-10, and the Global Hawk Block 40 and so forth, these are all things that if we don't get that President's budget level, we would have to strip out.

Mr. FRELINGHUYSEN. Will the gentleman yield?

Mr. VISCLOSKY. Yes.

Mr. FRELINGHUYSEN. The issue here is, we are pushing a lot of things to the right here, you know, and I went through the shopping list. Some of that may be on whatever this list is that has

been put out by the Defense Department, but there are a lot of things we are sort of putting off here, you know, combat rescue, JSTARS platform, and you know, there is some question as to, in the final analysis, whether we are going to ever, you know, whether these programs are ever going to see the light of the day. I would sort of like to sort of know where you are on that. But we are pushing a lot of things deliberately to the right here, which—

Ms. JAMES. That is true.

Mr. FRELINGHUYSEN [continuing]. Removes, perhaps, the possibility since this is all about, you know, this is a Defense posture hearing that we might not have something which is actually essential to us.

General WELSH. Mr. Chairman, I think that is kind of the point of our budget submission. Everything does hurt. Now, everything has a major impact on us. Divesting the A-10 fleet has a major impact. Divesting U-2s has a major impact. Trying to figure out how to recapitalize AWACS and JSTARS by even—

Mr. FRELINGHUYSEN. And to look ahead towards the long range bomber, I mean.

General WELSH. Yes, sir. But all of those things are included. Even if we stay at sequestered levels through the Future Years Defense Program (FYDP), the things I just mentioned stay in there. There are some other things, the Secretary mentioned that would have to come out because we just won't be able to afford them.

Mr. FRELINGHUYSEN. Thanks for yielding.

Mr. VISCLOSKEY. Thank you, Mr. Chairman. I think the chairman probably asked my question a lot better than I did, and Madam Secretary, really, I don't think I am asking the question properly, because I didn't understand your answer. And I am not blaming you. I am blaming me. I guess my question, and it gets back to the chairman talking about things going to the right, is you mentioned the \$7 billion for the Opportunity, Growth, and Security Initiative. The idea that this Congress is going to do entitlement reform and tax change, I think is very speculative. So you have got a \$7 billion request there. And there is \$116 billion department-wide for the next 5 years on the theory that sequestration is not going to happen.

I guess my question is, within those requests because of the speculative nature of them, should some of those be shifted to the left for 2015, and have gone on requested in the 2015 budget?

Ms. JAMES. So the fiscal year 2015 budget that we have placed before you is our best judgment. So I would say we made our judgment calls and we would stand by what is in that fiscal year 2015 budget.

Mr. VISCLOSKEY. Yes.

Ms. JAMES. Now, of course, Congress, I believe, did invite us to submit and we are putting together an unfunded priority list, but as you said, these things are—would be over and above the dollar figures which are likely. But if I could maybe say as one summary point, we recognize that sequestration is the law of the land, and so we have given over-budget judgments that reflect those dollar figures. But at the same time, we are using our bully pulpit to tell all of you as much as we can, that we believe we need more. And that is why we are urging the approval of these higher levels, and

we are trying to, in effect, tell you the judgments at the low level how we would do it. And we are telling you what we really need to be at that higher level. So we have sort of given it to you two ways with the urgent requests that we have that higher level.

Mr. FRELINGHUYSEN. So if the gentleman will yield, so the long-range bomber is something which has been, you know, pointed to as something we need. We know what we have. Some of it is pretty ancient. Is that a top priority for you?

Ms. JAMES. Yes, it is.

General WELSH. And it is funded through the FYDP, sir.

Mr. VISCLOSKY. I am done, Mr. Chair.

MCGUIRE AIR FORCE IN NEW JERSEY

Mr. FRELINGHUYSEN. Reclaiming a little time, be a little bit parochial. I follow, obviously, the good work of McGuire Air Force in New Jersey, the work they did, they do and have done, obviously, with other Air Force bases to allow us to have the degree of success we had in Iraq and Afghanistan.

What happens with those tankers, you know, just incredible things that they do that often people don't recognize, those crews and the ability to sustain the effort over there is I think, at times, miraculous. I give them and others in that part of your Air Force special credit. We talked before the hearing a little bit, so this isn't coming out of left field. This is a Defense posture hearing.

CHINA AND RUSSIA

Where do you see our, I don't like to use the term "adversaries." At times around here, we are careful about the words we choose, but where do you see China going in terms of its modernization and its readiness? Where do you see the Russians going? I mean, it didn't surprise—it did surprise some of us that in the Quadrennial Defense Review only one mention of Russia, but now we are spending an inordinate amount of money trying to sort of catch up with what they are up to in Crimea, perhaps elsewhere, in terms of causing some inherent hostilities in their region.

Where do we stand relative to China, and matching their capabilities? They are doing things with their own aircraft that to some extent from what I understand mirror—I won't say our capabilities, but they have their own—they have their own fleet, and they are doing some things relative to space architecture which appear to be fairly modern and innovative. Would you react to that to what the Chinese are doing specifically?

General WELSH. Yes, Mr. Chairman, and let me kind of reference all three domains that the Air Force operates in, air, space, and cyber, very briefly. I will start with cyber. I think everyone is familiar with the activity in the cyber domain over the last number of years. It is getting more significant, not less. We have got to stay abreast or ahead of that activity, technologically, and capability-wise in the services. We are investing in this budget to try and do that as is the Department. Clearly, that is a driving factor for what we are planning.

Mr. FRELINGHUYSEN. We are putting more money in—the President has recommended more money both for cyber—

General WELSH. Yes, sir.

Mr. FRELINGHUYSEN [continuing]. And special operators.

General WELSH. Yes, sir. On the space side, you mentioned the kind of the increased threat to our capability to operate freely in the space domain. We think that will continue to be a problem, and we think it now expands beyond just the low-Earth orbit, and so we have got to be worried about how do we maintain situation awareness in space? How do we track objects in space? How do we maneuver, evade, in space, things that our Air Force Space Command has built into our plan here over the next 5 years because we cannot stop investing in that area.

And on the air domain, air forces are successful over time because they stay on the front end of technology. There is some great literature out there about why air forces fail. In fact, that is the title of one book. And typically they fail because they fall behind the technological curve.

The Chinese and the Russians are creating capability in the air domain, aircraft that will be competitive or more capable than our legacy fleets. They just will be. Now, whether we worry about direct confrontation with China or Russia isn't the point. Today 53 countries around the world fly either Chinese or Russian front-end fighters. And if they follow their typical model and they export these things within 3 to 5 years, we will be facing their equipment within the next 10 years. That is what is driving our insistence on the F-35 as a priority program for the United States Air Force. We need the technical capability it will bring in contested environments and full spectrum fights. It is not about a counterinsurgency battle. That is not what that airplane is for.

Mr. FRELINGHUYSEN. They, too, are working on a degree of stealth that is—we need to be able to contend with.

General WELSH. Yes, sir, we think the Chinese will field it in 2017 or early 2018, and the Russians in 2019 and they will export it 3 to 5 years after that.

Mr. FRELINGHUYSEN. Ms. Granger.

FISCAL RESTRAINTS

Ms. GRANGER. Thank you. And thank you both for being so straightforward and talking about what the losses are if we do the lower amount. You know, when sequestration was first talked about, we kept saying, tell us what this means. We couldn't get that answer, and there are Members of Congress who really think it is really not going to hurt that much. It is really going to hurt and you have said that and I appreciate that.

CV-22

Now, continuing the tradition of asking parochial questions, and I am also shameless about this, but it is important, and General Welsh, we talked about the CV-22 fleet, and the requirement of 50 aircraft. I have one real simple question. Are you going to replace the three that were essentially lost by combat, and then the other thing is the future of the CV-22. And as they pick up more search and rescue missions, and Medevac missions, it seemed like it would make sense to use the CV-22s, as part of the combat rescue helicopter needs. Are you considering that?

General WELSH. Yes, ma'am. To both questions, yes. Congress has already, I believe, appropriated the funding in support of that funding to replace the one training and one combat loss of the CV-22. And so the intent is to get back to the 50 aircraft that we originally had programmed in the budget and thank you for your support for that.

On the combat search and rescue side, even though we are trying very hard to push forward with the combat rescue helicopter program, which we think is part of the fabric of our Air Force, if we are going to send people out the door, to go engage in aerial combat, I want to be able to look them in the eye and tell them we are going to come get them if something goes wrong. And the Secretary has stood very firmly behind her decision to push forward with that. And I think that has been wonderful for us.

The issue over time is, does the concept of operations change to include CV-22s and the new combat rescue helicopter? We haven't made that decision yet. We will look at it over time because there are some environments the CV-22 lends itself to, longer distances, longer legs for rescue operations, et cetera, as we saw in the Libya operation, when a great Marine Corps MV-22 crew went and picked up an Air Force F-15E pilot. And so I think we have to continue to evolve the concept of operations.

Ms. GRANGER. Good, thank you. Thank you.

Mr. FRELINGHUYSEN. Mr. Ryan.

AIRLIFT CAPACITY

Mr. RYAN. Thank you, Mr. Chairman. Just to follow up on my last question, so we talked about the backup aircraft, and you were pretty clear you want to get it down to about eight for each of these bases. So the extra aircraft that aren't going to fit in, we have surplus capacity. Where do those go?

General WELSH. Some of them are not surplus capacity, surplus capacity overall. We have more airlift aircraft right now than we believe we need. You will recall, sir, that in 2012 and 2013, some force structure actions that we were trying to take were held up because we hadn't done a good job of telling the story to the Congress and making it clear why we were doing this. We believe we have too many C-130s, and—

Mr. RYAN. You just retire them?

General WELSH. We have to retire some.

Mr. RYAN. So how many do you think?

General WELSH. The number is rough. I can give you exact numbers, but we have 358 or so now. We think we can go down to nearly 320, 318 or so, in the C-130 fleet. But I will give you the exact numbers. I have got these buried here somewhere.

The information follows:

The fiscal year 2015 President's Budget request sheds excess C-130 capacity by reducing the fleet from 358 to 328 by fiscal year 2019 based on the findings of the Mobility Capability Assessment 2018 (MCA-18), signed in May 2013. The MCA-18 report determined that ". . . there is no surge scenario associated with the current defense strategy, even one in which a significant homeland defense event occurs concurrently with two warfights, that requires a fleet of 358 C-130s." The report finds that the Air Force requires no more than 320 C-130s.

Mr. RYAN. And we would still be able to meet our needs with that number?

General WELSH. Yes, sir, that is what the latest mobility and capability assessment told us. So that has been the goal we have been targeting for the last couple of years.

Mr. RYAN. Okay. Well, I would love to sit and dig into this a little further.

General WELSH. Yes, sir. We would love to have that chance.

ADDITIVE MANUFACTURING

Mr. RYAN. Madam Secretary, continuing the parochialism of the committee today, which is very unusual, I must say. We have been blessed with President Obama's first additive manufacturing institute of these 15 institutes he wants to stand up in the field of manufacturing. The top funder for this is the Department of Defense, and they are pursuing research, development, and eventually commercialization in additive manufacturing; phenomenally, transformational technology as I know that you know.

One of the collaborations that is now called America Makes, one of the collaborations that we are proposing and we are having conversation, is between America Makes and the Youngstown Reserve Station, but also the Air Force Research Lab in Dayton. And there is an opportunity there, I think, for a real partnership to figure out, as you know, they can print parts for aircraft, and to work, to develop in Ohio with Dayton, Youngstown, and the America Makes facility, to really figure out how we can drive down the cost in the Air Force and other places in the military, but particularly in the Air Force, to drive down the cost of component parts manufacturing.

So I would just like to bring that to your attention, and have you comment on it if you would like. General, you can comment on it as well, to just look at the possibilities we have. I mean, this is the idea of the institute.

Mr. Chairman, I think this can be huge all across the military. We look at the amount of money we spend on replacement parts and whatnot. If we can start printing these parts ourselves in-house without transportation costs or any of the other necessary things that we need to do, I think it could be huge. So if you could just comment on that, and at least consider what we are proposing with the relationship between Dayton and Youngstown State, and the other relationships that we would like to put together.

Ms. JAMES. So Congressman, I am not familiar with this program, but I would like to learn more about it. As you said, it sounds very exciting and it is certainly, you know, my three priorities. And number three, I said, is make every dollar count and look for ways to do things smarter and better and save money. So I would love to learn more about it.

Mr. RYAN. And maybe you can come out and see it.

Ms. JAMES. I would love to.

Mr. FRELINGHUYSEN. That is a good invitation.

General WELSH. I have been looking at this a little bit. Air Mobility Command, for example, is a big fan of the idea, because if you can laser print parts in the back of a C-17, by carrying a portable laser with you when you deploy somewhere, you might not have to have as many problems of picking up parts along the route in the system.

For those who are deployed to remote locations, it is even more important. Air Force Special Operations Command and others who operate the C-130s and other aircraft in other places where there is no rapid FedEx access. And so we have been looking at this Air Force Materiel Command, and actually Air Force Research Labs have been looking hard at this with your teams at Dayton, Ohio as you mentioned. This is a real ripe area for further research.

Mr. RYAN. Yeah, well, great. We would love your support on this. I think it would be huge and I think it, as I said, drive down the costs and increase convenience a great deal. So we would appreciate your support on that.

Mr. FRELINGHUYSEN. Okay. Thank you, Mr. Ryan. Judge Carter, welcome. I know you have been chairing a committee—the other committee on which I serve, and I apologize for my absence.

COAST GUARD C-130 TRANSFER

Mr. CARTER. Thank you, Mr. Chairman. I apologize for being late, and I have been chairing Homeland, and it is still ongoing, which—one quick question. How are we working out on our joint contract with getting our C-130s for the Coast Guard? They are working with the Air Force on a project. When can we anticipate—you know, one C-130 means a whole lot more to us than it does to the Air Force. Do you have any idea what the time frame is?

General WELSH. I should, because I was just told this about 3 weeks ago. The program is on schedule. It is on track. Bob Papp and I talked about this not long ago. It is exactly where we want it to be. I don't remember the dates. That is my fault. Let me get it for you.

C-130 TRANSFERS TO THE U.S. COAST GUARD

Mr. CARTER. Well, let me know, because as I walked out the door they said, ask about our C-130s.

The information follows:

Contract award for the HC-130J for the United States Coast Guard is projected for December 2014, with aircraft delivery expected by November 2016.

F-16 COMBAT AVIONICS PROGRAMMED EXTENSION SUITE

Okay, Secretary James, according to the Defense news article, the cancellation of the F-16 combat avionics program extension system, CAPES, is one of the largest cost-cutting measures the Air Force is requesting. This program would upgrade 300 U.S. Air Force F-16s. Part of the CAPES program also included upgrades to 146 F-16s in Taiwan. Taiwan claims that the U.S. is not being up front on the cost that they would be burdened with to upgrade their F-16 fleet if the CAPES program is zeroed out.

As the co-chair of the Taiwan caucus, I take great interest in this particular matter. Has the Air Force found a way to fund CAPES upgrades for F-16s in Taiwan? What liabilities will Taiwan face if Congress approves to eliminate the CAPES upgrade for the F-16? Taiwan's Minister of National Defense claims the U.S. Air Force officials are not providing them with information they need to take the appropriate action. Can you please elaborate on this, and explain the actions your service has to alleviate the issue?

Ms. JAMES. So Congressman Carter, you are right, Capability Evaluation System (CAPES) was one of the decisions that the Air Force made to try to meet the affordability targets. It saves us about \$2 billion over the rest of the program (FY15-24) just to give you an order of magnitude there. My information, so I am going to have to now go back and look into your information there, but my information was, of course, we did inform Taiwan and we don't believe that it will be significant additional dollars for them as a result of this.

But I heard what you just said, and I am going to have to take that back, unless the Chief has anything to add at this point, but that is a little different from the information I had.

General WELSH. Same thing, ma'am. We don't think there is an increase to their top line costs at all, and we do believe they have been notified, so we need to go check this.

Mr. CARTER. Well, I want it clarified. When I was in Taiwan in October, everybody, including the cab drivers, were telling me that they needed their F-16s. They worry, and they are worrying even more now that there seems to be a trend of the big boys pushing the little boys around, coming our way, and they are worried about it. So do I have time for another question?

Mr. FRELINGHUYSEN. Absolutely.

A-10

Mr. CARTER. Thank you. Thank you, Mr. Chairman. I am going to go—I know you all have had a little discussion about the A-10, but I want to ask you some more things about the A-10. First off, I have—my office manager in my office is a former Army Command Sergeant Major, and he and many, many, many other Army people tell me that nothing makes a soldier smile brighter than a Warthog coming over the horizon, because they do a fantastic job in the, up close and personal where the Army needs it. And so from the standpoint of the ordinary soldier, the loss of that A-10 is a big deal because they really see that as a—they just smile at me and say, when they fire that cannon all the way, they almost stop dead still in the air, it has got so much force. We love that thing.

General WELSH. Might not be a strength of the airplane.

Mr. CARTER. He says they are tough enough. You can't shoot them down. That is what he said. These Army guys, they love the A-10. But back to the more important thing. It was designed primarily as a tank killer, and a very effective tank killer, and we are looking at using it on the battlefields in Central Europe. Well, as we sit here today, 20,000 Russian troops are sitting on the border of Ukraine, and it is not beyond our imagination that we are going to be needing to kill tanks sometime in the future.

So as we eliminate this effective tank killing airplane, how—what are we doing to cover these main risks that are associated with retiring the A-10s? Was the plan to retire the A-10s coordinated with the Army? What is the plan for the A-10 divestment? Will these aircrafts be put in storage? What is the prospect of our allies taking the A-10s? What would the Air Force do if Congress mandated retention of the A-10 fleet? What will be used to fill the close air support CAS missions currently filled by A-10s. Are you confident these platforms will be able to fill the other roles? And

finally, you have stated the A-10 only provides around 20 percent of the CAS missions. How is that number calculated?

Ms. JAMES. I was going to start, and Congressman, I just returned from Afghanistan, so I, too, was trying to get every ground commander that I could ask this very question about the A-10s. And as you point out, it is a very beloved aircraft, and nobody likes the idea of retiring it. But you also just mentioned this 80 percent/20 percent split, so and the chief will tell you how it is calculated, but this is an important point; that there are other aircraft—well, let me back up.

A-10, or close air support is a mission. It is not a platform. So there are F-16s, and F-15Es and some of our unmanned vehicles and bombers, others do the close air support mission as well. In fact, 80 percent of the mission in Afghanistan was done by aircraft other than the A-10, and 20 percent was done by the A-10.

So to answer a couple of your questions, the plan is to divest it over 5 years, so it is not overnight. It is gradual, over 5 years. The plan, at the moment, is to fully retire them, so not to transfer them to other countries. If there would be other countries interested, I suppose that would be an idea. It was coordinated with the Army, and as you say, the Army loves the A-10, but what the Army really needs from us is the commitment for close air support, and they have that commitment, absolutely. It is a sacred mission. So those are a couple of points I wanted to add in.

General WELSH. Sir, I have a son who is a Marine Corps infantry officer. He tells me the same things about the A-10s. The CAS is not an afterthought for the United States Air Force; certainly isn't one for me, and it will not be in the future. We have been doing close air support for a long time in the United States Air Force, in a major way since World War II. It is not going to slow down. We are not going to change, but we are going to do less of it, just like we are going to do less interdiction, less air superiority, less ISR, less everything with these funding levels. And so we had to look at how do you save big chunks of money. And that is where this came from. It is not really about the A-10. It is about balance and what an air commander provides a ground commander. The A-10 does close air support. The other airplanes we are talking about, F-16s, F-15Es, the B-1, they do other things besides close air support in an uncontested environment as we have had in Afghanistan.

For the last 14 years, all we have done that got anybody's attention is close air support, so people don't understand the value of the rest of it in a large fight. But where you save the most lives for a ground commander, if you are an air commander, is by providing air superiority so they have freedom to maneuver and freedom to attack; by interdicting the enemy's will to continue the fight; by destroying leadership command and control; logistics infrastructure; reenforcement ability from the rear areas; by eliminating the enemy's second echelon forces, particularly their operational reserve, which is the Army commander's biggest concern. Do not let them commit their reserve at a time and place of their choosing. They don't do that against us because we erase their operational reserve.

That is where the Air Force has saved big lives on the battlefield. And then we have to do close air support well. We do it well with lots of airplanes. The A-10 was designed, optimized with great help from Congress over the last 20, 25 years, to be superb at this mission. But we are very good at it with other platforms. I don't want to give up the A-10, but if you look at what the trades are, you mentioned the backup plan, it is giving up the capability to do those other things. That is not acceptable.

Mr. CARTER. And I understand the big picture of what the Air Force provides, the real key to the world is control the air, especially in a tight battle, if you don't control the air you are dead. But then in turn, this was designed specifically, and I am no military expert. Believe me. I just read a lot of books. But in Korea, for instance, the F-86, they just, the ground forces discovered that the F-86 went too fast to be effectively low end protecting them, so they brought in P-51s.

General WELSH. And—

Mr. CARTER. Yes, and they used them very effectively because they said they come by too fast. They are not as good as—it is not getting in close and personal like they had experience in the war 8 years ago.

Mr. FRELINGHUYSEN. The judge is well read, General.

Mr. CARTER. And I just want to make sure that because the old warthog is a slow lumbering big fortress that comes in and wreaks havoc and it gets big holes shot in it, I am aware of that, but it also certainly is—it makes individual soldiers light up with a smile when it comes in.

General WELSH. Sir, I had a lot of time flying the A-10.

Mr. FRELINGHUYSEN. I think the General is well aware of our keen interest in it. Thank you, Judge.

Mr. CARTER. All right, thank you very much.

Mr. FRELINGHUYSEN. Thank you, Judge. Mr. Crenshaw, and Mr. Cole.

NUCLEAR MISSION

Mr. CRENSHAW. I am going to ask a question about the nuclear missile officer scandal, and I want to point out that is not a parochial issue. It happened a long way from Florida, but it raised some serious questions about quality of life, pointed out the fact that a lot of people are in places where they don't necessarily want to be. And so I am wondering what your plans are to make sure you have your personnel where they want to be, and in a program like this, how you plan on maintaining that as a career field?

Ms. JAMES. So, in the wake of this incident, which I have been on the job for 3 months. I think this happened when I had been on the job for either 2 or 3 weeks, both the Chief and I went out to the missile bases to sort of directly try to get to the bottom of what was going on there, and we both came back with impressions. There were seven impressions. I won't run through all of them with you, but I will just give you a few; that there is something systemic going on, you know, that the cheating was only in this one base, but there were systemic morale issues, there were systemic cultural issues, I will say, at all of the locations. And that part of the solution, or I should say the solution needs to be holistic, not just

talking about cheating. If all you care about is the cheating, you can proctor the tests differently, and just take care of that and be done.

But really it is more of a holistic approach. So we have had these two quick studies going on, one called the Commander Directed Investigation, and one is called the Force Improvement Plan. These are coming together and among other things, these are going to talk about people issues, and what do we need to do for morale, and professional development, and the consideration of accolades, and awards, and incentives, and so forth.

So I think we are very close. By the way, we owe the Secretary of Defense a report within 60 days as does the Navy. He got together all of us in the Department of Defense to focus on the nuclear mission generally. And so our reports are almost coming due, and so we will have more to share on all of this, but the main point is, it will be holistic. It will be very people-focused, and I think we are also going to address this testing and training environment which at least struck me as being unhealthy when I saw it.

Mr. CRENSHAW. Thank you.

Ms. JAMES. The nuclear mission is safe and secure. I want to say that. There is a lot of checks and balances.

Mr. FRELINGHUYSEN. Right, I think that is important. I think you have done that publicly, reassured us, and actually, you and I first became acquainted soon after your appointment and I had two calls from you, and certainly the committee has a keen interest. I think the public, as we discussed sort of before the meeting, is unaware of your historic responsibilities in this regard. I think they need to have a better awareness. But if you continue to have those responsibilities, we need to have that assurance which you have given us.

Ms. JAMES. Yes.

Mr. FRELINGHUYSEN. But we are—that safety is first here. Mr. Cole.

SEQUESTRATION IMPACT

Mr. COLE. Thank you, Mr. Chairman. Having drug us down into shamelessly parochial issues—that seems to be the phrase of the day—I am going to avoid that. I am going to ask you a question for the record, so I just wanted to alert you on C-130 avionics modernization program, which I think the Air Force is sort of—well, not sort of. I think it has pretty much ignored congressional intent for 2 or 3 years so I am going to ask a pretty pointed question about why. But, I want to actually go back to much, much bigger issues, and you both touched on them in your testimony. A few years ago, when General Schwartz and General Luff was sitting in your chair and was briefing this committee, very justifiable pride about what his airmen had done the year before, and he ticked off he said, you know, we have been in combat operations in Iraq. We have done a wonderful job; been in combat operations in Afghanistan, done one terrific job. You know, unexpectedly were called upon to provide support to an important friend and ally in Japan during a national disaster that they had, and then with 6 days warning, conducted an air war over Libya that, you know, we can

debate the wisdom of the war, but I don't think you can debate the success of the effort which was pretty magnificent.

So, and I asked him, and he was warning about sequester then. I said—well, this was even pre-sequester. I said, given where we are going on our budget, tell me if you can do that for another President 2 or 3 years down the road. And he said no, we will not have the capability. We can probably do two of these things, maybe on a stretch, three, but we certainly couldn't do all of them again with the kind of force reductions that we are looking at. And this is pre-sequester. These were, you know, first round of cuts.

So I am going to pose the same question looking forward to you. We have made you both make a lot of very tough decisions I know you didn't want to make, but I do think we are in danger of leaving the next Commander-in-Chief, whoever that happens to be, with a lot fewer options and capabilities than our Commanders-in-Chief have traditionally enjoyed in the last couple of decades, or really longer.

So what, if you are looking ahead, you know, and you have told us you are going to do the best with what you have and I have no doubt that you will, tell us a little bit, in 2 or 3 years, if we—you can do it either—well, both would be better. In a sequester scenario, or a non-sequester scenario, but just sort of steady State funding, what kind of capabilities will the President have in a crisis situation? What are the things he can do? What are the number of different contingencies if he had to face multiple contingencies, and they all do at some point, you know, what is he going to have to say, no, we can't do that anymore? Or that is one where, you know, we are just out of here?

Ms. JAMES. Why don't you go ahead.

General WELSH. Congressman, it is kind of the key question for service chiefs and for the combatant commanders as they are trying to advise the chairman and the Secretary of Defense and the President. We are going to be able to do less, clearly, which means that we have to look at it in terms of the defense strategy we have today. If we return to sequestered funding levels and maintain that through the rest of this 5-year defense plan and beyond, we will not be able to execute the defense strategy the way it is written. All the service chiefs, I believe, are in full agreement on that.

Even short of that, however, if there are adjustments made as you have done in the balanced budget agreement for the first couple of years here, if more adjustments are made along those lines, we still will have to be doing less because we are still putting a lot more, a lot less on our top line than we had planned to have on our top line, even 2 or 3 years ago.

And so the ability of the Nation to present options to the President on how to be using the military sort of National power, are going to be more limited. You can't continue to stay involved everywhere we are involved and add new contingencies. You won't have the capacity.

And in this business, quantity does have a quality all its own. You can have the best tanker in the world, but if you have only got one of them, you are not refueling in two oceans. And so some of this you have just got to have in the back of your mind as you look at options for the Nation to get engaged.

Mr. COLE. Madam Secretary—

Ms. JAMES. I would just reiterate the point that that higher level over the 5 years will put us in a much better position than that sequestration level. We do feel bottom line that that sequestration level will compromise our security too much.

Mr. COLE. Well, I just want to thank you both for making the point, because I think it is, as my colleague, Ms. Granger mentioned, it is a point we need to make over and over for the American people, and frankly, for the Congress much more specifically that these things do have real life consequences, and we really are going to have Commanders-in-Chief that are not going to be able to do what we have traditionally thought American Presidents could do, and should be able to do not only for this country, but for other countries around the world in terms of our total security.

So I mean, so it is real stuff we are playing with. It is not just, you know, my AWACS versus his tankers, versus you know, an A-10. It really is less capability for the country and for the President in a time of crisis.

Mr. FRELINGHUYSEN. Thank you, Mr. Cole. Points well taken. Mr. Visclosky.

NUCLEAR WEAPONS

Mr. VISCLOSKY. Thank you, Mr. Chairman. General, do you have any thoughts on how to formalize a process in conjunction with the Nuclear Weapons Council, Department of Defense, and NNSA?

General WELSH. Beyond the current process, I am assuming you mean?

Mr. VISCLOSKY. Right.

General WELSH. Sir, I think this is one that we actually worked pretty hard. There are different factors driving everybody's decisions, obviously, as you move across government agencies. And the biggest problem we have within National Nuclear Security Administration (NNSA), and "problem" is probably the wrong word, the biggest tension we have trying to balance our modernization plans with things like the B-61, for example, with their modernization plans for things like the B-61, and when we are working on common programs, we have to make sure that our plans are closely aligned because if one side or the other deviates from the plan, the funding becomes inefficient, the program is put at risk, and certainly falls behind timelines. So we are trying to do that at every level from the program office up to the Commander of the Air Force Global Strike Command. It is one of the reasons that our predecessors put in place a directorate on the air staff responsible for only nuclear matters to help us in that debate within the Department and across departmental lines every single day.

Mr. VISCLOSKY. And I know what the answer should be, and I am not asking it to put you on the spot or be trite, but both the chairman and I have chaired the Energy and Water Subcommittee. I have been ranking on the committee. Mr. Calvert serves on it today. Ms. Kaptur does, which I think is very, very healthy because of the coordination of the two subcommittees and their jurisdiction.

I was always under the impression that DOD may not give as much thought as possible to all of the cost implications to the NNSA and the Department of Energy as to what their needs are.

But we need it. But it is in NNSA's budget. It is not on my line. I need it. Would you just address that if you could? This is a care or lack thereof.

General WELSH. Yes, I would say you are a smart guy and we probably ought to go look at this concern. I don't know if—how I would stand on that. I don't know the history behind this. I would have to go take a look at this and advise the boss on where we think this stands. But I can certainly understand what you are saying the problem could be. I don't know if it is a problem today or not. I would be making up an answer, sir.

DUAL CAPABLE AIRCRAFT

Mr. VISCLOSKY. And you mentioned the B-61, and I do have a question on that. In earlier testimony, on the 2015 budget, you reaffirmed the Air Force's commitment to making the F-35 a dual capable aircraft; that is non-conventional weapons, and there is a request for \$15.6 million in the budget to study and analyze the fielding of the B-61 on the F-35. There is also a quarter of the request for \$198.4 million for the life extension program for the B-61 for the integration and modernization of these gravity bombs for a variant to be placed on the F-15 and the F-16.

If the F-35 is going to represent a sizeable portion of the Air Force, and we are going to spend money as far as if you would be matching up the gravity bomb and the F-35, it is a lot of money for another variant of a nuclear weapon on a plane that is going to see less and less use. And be I am wondering from a cost-effective standpoint, is that a wise decision to spend all of that money on a variant for an aircraft that has seen better days?

General WELSH. That is a great question, sir. The F-35 is not yet nuclear capable.

Mr. VISCLOSKY. Right.

General WELSH. The F-16 and 15E are. As we do the transition between the platforms, I don't know what is going to happen to funding for the Defensive Counter-Air (DCA) capability on the F-35 over time. I just don't know. The hedge is the F-15E. So the F-16 is more of a near-term problem. When the B-61 first releases, will we still have some F-16s doing the DCA mission? We think that is possible. Therefore, we plan to make sure that they are capable of doing the mission. The policy decision is that we will support the mission. Now, we don't make that decision.

The F-15E will be capable through the early 2030s, to support the mission and that is kind of our hedge for the transition into the F-35. So as the F-35 comes on board, gets to full operational capability, and we start to actually do the transition to the F-35 being a DCA platform, if that remains the policy decision of the Nation, then during that time period, the F-15E will be here to ensure we can continue the DCA mission until we can make the transition. That is all this is intended to be.

Mr. VISCLOSKY. Well, I do have concerns, simply because if we are talking about a life extension program, it is not something that is done tomorrow. You know, since, there is some concurrency as far as the two tracks of the F-35, downward slope, and I am spending—the taxpayers are spending a lot of money on doing two life extension programs for a gravity bomb that probably as we proceed

with the arsenal is going to also see from a numerical standpoint a smaller portion. It is a lot of money.

General WELSH. Yes, sir. With the timeline for right now, we still believe the first production unit of the B-61, of the bomb assembly being developed by DOE will come out in about 2020 or so, late 2019, early 2020. And if that is the case, we do not believe that F-35 will be involved in the DCA mission yet at that point.

Mr. VISCLOSKY. Do you think that is necessary?

General WELSH. Is what necessary, sir?

Mr. VISCLOSKY. That if you have a gap, if you would, do you think that is a critical gap?

General WELSH. Not if the airplane that we have that is available today to fly the mission in support of NATO, for example, can carry the weapon. That is the integration with the F-15E and the F-16. They are the airplanes doing it today.

Mr. VISCLOSKY. Okay, if I could, the Air Force apparently has been very successful, has an efficient space deterrent program. Apparently, those processes are going to be applied to a space modernization initiative, and I guess the question I have, has the efficient space procurement program gone away, and are we taking the lessons learned to a new initiative, or are we going to now have two different initiatives?

General WELSH. No, sir, I don't think so. I think—

Mr. VISCLOSKY. That wasn't confidence building.

General WELSH. She is remarkably able to send thoughts my way.

Ms. JAMES. Yes.

General WELSH. I will just make a side comment here. I have never worked with somebody who picks things up as fast as my new boss does, which is going to be remarkably good for this committee, I believe, and for the Air Force.

Ms. JAMES. I will give your money later, General Welsh.

Mr. FRELINGHUYSEN. You make a pretty good team, but we were watching your body language very carefully.

General WELSH. She is making me study. The efficient space procurement strategy really is formed on four principal points, I will make sure I say them right: Stable R&D funding, block buys, fiscal authorities that allow you to maintain a smooth spending profile, fixed-price contracts, and then should cost reviews throughout the life of a program. And I think we are talking about the same thing, sir. I don't think that is any different than the focus areas you are talking about now.

Mr. VISCLOSKY. Do you know if there is a chart or any type of a document that the committee could have for the record relative to the initiation of the space modernization initiative? And if not, if you could for the record answer that, that would be great.

General WELSH. Yes, thank you very much.

Mr. VISCLOSKY. Thank you, Mr. Chairman.

KC-10

Mr. FRELINGHUYSEN. Thank you. Let me associate, as we say, myself with the ranking, of our interest in getting more information on both of those questions and points he has raised.

Getting back to the tankers again, General, I just want to somewhat put a question into the record. As you know, General Welsh, the Air Force operates five dozen KC tankers out of Travis Air Force Base on the West Coast, and Joint Base McGuire on the East Coast. The Air Force has suggested if the sequestration returns in fiscal year 2015, it will retire the entire fleet of KC-10 extenders. I am aware of the Air Force's argument that it saves more money to retire the entire airframe because you do not have to maintain the school house, and maintenance systems, the logistics detail. But how much service life is left on these KC-10s?

General WELSH. Sir, this wouldn't be a retirement because we can extend it longer. It can extend longer. The question is, just where do you take the cuts from? It is back to the balance discussion. And when we did our operational analysis, we determined that the KC-10 would be the next fleet that would make the most operational sense to retire if you had to retire something. There are no good answers.

Mr. FRELINGHUYSEN. But tell me if I am wrong, the KC-10 is the only aircraft that has both the boom and the basket to refuel.

General WELSH. Until the KC-46 starts fielding in 2016—

Mr. FRELINGHUYSEN. It is still going to be the aircraft of choice?

General WELSH. Yes, sir. The KC-46 will provide that capability, but the issue for us is number of booms, not just how good each boom is. And so if we take the number of KC-135s away that can pay the same bill, we cannot support the global mission. If we take the KC-10 fleet away, even though we don't want to, you can do the mission. It will just put more strain on it.

Mr. FRELINGHUYSEN. Okay. Any other questions?

Ms. JAMES. Mr. Chairman, could I also say that is a fiscal year 2016 issue. So under no circumstances would we do this in fiscal year 2015. But if sequestration returned, those levels, if we have to live with those levels, then—

Mr. FRELINGHUYSEN. We are going to do our level best to make sure that sequestration does not return. I think on behalf of all of our members, I want to thank you for your testimony. Madam Secretary, General Welsh, appreciate your being here. We do have a number of questions for the record and if you could expedite responses, we would appreciate it. The meeting stands adjourned. Thank you.

[CLERK'S NOTE.—Questions submitted by Mr. Crenshaw and the answers thereto follow.]

AFGHAN PILOT TRAINING

Question. The American people have spent billions of dollars training and equipping Afghan pilots and aircrew so they can be responsible for their own operations once the U.S. has ended its combat mission in theater. I am concerned that the political uncertainty surrounding how many, if any, U.S. forces will be left in Afghanistan at the end of 2014 will destroy all the work that the United States has done to build the Afghan's aviation capacity and capability.

Madame Secretary, please provide this committee with an update on the plan to base Afghan pilots on American soil to continue their flight training. What are some of your concerns with the proposed plan?

Answer. A temporary stateside training option is being considered to ensure the Afghan Air Force (AAF) receives the support and training it needs to safely and effectively employ a platform for conducting air interdiction and close air support operations within their home country.

The U.S. Air Force is following its formal strategic basing process to determine the most suitable location for a contingent of 20 A-29 aircraft for use in Afghan pilot and maintenance training. In its assessment of possible locations, the U.S. Air Force has identified Mountain Home AFB, Idaho, Moody AFB, Georgia, and Shaw AFB, South Carolina, as the three candidate bases for a possible Afghan A-29 Light Air Support training mission. The U.S. Air Force is now accomplishing site surveys to begin evaluating a range of operational and infrastructure requirements. If training in the U.S. is to occur, aircraft may arrive at the host base as early as September 2014, but the first Afghan trainees would not arrive until February 2015.

We acknowledge that the basing timeline is aggressive and much work remains. For example, we will need to ensure that appropriate National Environmental Policy Act requirements are met within this timeframe. Additionally, it is important that we accept student candidates who are properly identified and prepared to meet the challenges of operating and maintaining this aircraft.

Question. Additionally, even though reports of “green on blue” attacks has decreased, can you please discuss the security requirements and procedures that need to be in place to ensure that we are not only protecting our service members who will be training these aviators, but also ensure the safety of those who reside on and near these facilities?

Answer. The United States provides training for thousands of international students each year in the U.S.—not only with the U.S. Air Force, but with all branches of the Armed Forces. We are proud to encourage and enable international partners to work with the United States to achieve strategic objectives. We have already trained several Afghan fixed wing pilots in the U.S., and the Army has trained Afghan helicopter pilots in the U.S.

Vetting requirements are more stringent for training conducted outside of Afghanistan than for programs conducted in-country. As such, all potential Afghan Air Force (AAF) trainees are nominated by AAF leadership for training outside Afghanistan. In-country U.S. and coalition organizations, in coordination with the U.S. Department of State, then ensure the trainees undergo proper vetting and meet visa requirements prior to their departure for the United States.

The proposed Afghan A-29 training squadron would be commanded by a U.S. Air Force officer in order to facilitate safe and effective training within U.S. Air Force regulations. Afghan pilots are subject to the same flying rules and restrictions as U.S. Air Force pilots; additionally, the training squadron would embed U.S. advisors to specifically ensure safety in flight operations. The A-29 is a tandem two-seat aircraft and a U.S. instructor pilot will occupy a seat that has its own set of flight controls; this allows the instructor to take control at any time. The U.S. instructor pilot can inhibit any weapons dropped from the aircraft through a “consent switch,” which can prevent drop commands from the front seat. The training program is designed to have U.S. presence at the flight controls on all Afghan training sorties.

The U.S. Air Force plans to hire dedicated personnel stationed at the location where training will take place. These personnel take measures to discourage possible absences and will maintain contact with the students on a daily basis to include weekends.

B-2 DEFENSIVE MANAGEMENT SYSTEM

Question. The Air Force indicated in the fiscal year 2014 budget justification materials that modernization of the B-2’s Defensive Management Systems (DMS) was the number one priority modification program for the B-2 and critical to ensuring that this platform will remain survivable against the world’s most advanced adversary technologies. However, the fiscal year 2015 request for the B-2 DMS program is \$160.6 million below what the request was when the fiscal year 2014 budget was submitted last year.

What are the impacts to the scheduled fielding of the upgraded B-2 DMS capability should the committee approve the Air Force’s fiscal year 2015 budget request for this program?

Answer. The Air Force’s fiscal year 2015 budget request will delay fielding of the B-2 Defensive Management System modernization by two years. Initial operational capability will be 2021 instead of 2019, and full operational capability will be in 2022 instead of 2020.

Question. Does the new schedule for fielding this capability adequately address emerging threats to the B-2?

Answer. The new fielding schedule adequately addresses emerging threats to the B-2. The new schedule will not impact the enhancement of the B-2 direct attack capability by addressing emerging and future threats and robust modern Integrated

Air Defense Systems. The delayed fielding does delay the reduction of the risk to the aircraft and aircrew, but the risk is acceptable.

Question. Could additional funding for this program accelerate the schedule for deploying the new capabilities?

Answer. No. Additional funding for the B-2 Defensive Management System would have negligible impact to the schedule for deploying the new capabilities.

LIGHT AIR SUPPORT FOREIGN MILITARY SALES

Question. This committee has been committed to ensuring that the United States is able to provide our international partners with the ability to provide light air support for their ground forces. This is especially important for nations like Afghanistan who have limited infrastructure and capabilities. While many nations cannot afford to buy and maintain large jet fighters, it is still essential that they have sufficient air power to counter threats to security and stability.

Secretary James, in the fiscal year 2014 Omnibus Appropriations bill, Congress instructed the Air Force to provide notice prior to entering into any contract for LAS aircraft. How is the Air Force handling requests for light support aircraft? Also, please describe the status of the LAS foreign military sales program and discuss any potential buyers.

Answer. All requests for light support aircraft (LAS) are processed by the Air Force in accordance with established policies and procedures. We acknowledge the provision in the fiscal year 2014 Consolidated Appropriations Act to provide notice prior to entering into any contract for future LAS aircraft. If a security cooperation partner nation requires LAS capability, the acquisition strategy would depend on the funding source. If the new country uses its own national funds, it could specify that the purchase be made from a specific contractor (sole source) for its LAS-like aircraft, like Iraq did with the AT-6. If a partner nation is relying on Department of Defense (DoD) funding, such as the Afghanistan Security Forces Fund appropriation, as in the case for the LAS for Afghanistan, the Air Force would compete the effort in accordance with U.S. acquisition statutes and regulations, to include the Competition In Contracting Act.

Currently, the Air Force is executing a Letter of Offer and Acceptance (LOA) for 20 A-29 aircraft for Afghanistan and has received a Letter of Request (LOR) from Iraq for 24 AT-6C aircraft. A fiscal year 2014 Global Train and Equip (Section 1206) case for an intelligence, surveillance, and reconnaissance (ISR)-only LAS platform has been approved for the country of Yemen. Additionally, the Republic of the Philippines has submitted an LOR for price and availability for LAS aircraft, to which the Air Force has responded. However, the Philippines has not pursued this aircraft acquisition any further, at this time.

[CLERK'S NOTE.—End of questions submitted by Mr. Crenshaw. Questions submitted by Mr. Calvert and the answers thereto follow.]

EVOLVED EXPENDABLE LAUNCH PROGRAM (EELV)

Question. Is it your intent to sole source launches for which a New Entrant could compete?

Answer. The Air Force intends to compete portions of the launch manifest each year in 2015, 2016, and 2017 if there is even one new entrant is ready to compete (i.e., they have successful launches and have completed the required certification steps as documented in their certification plan). Currently, the Air Force plans to compete 7 of the 8 missions in fiscal year 2015 to fiscal year 2017 that we assess new entrants as being able to lift: NROL-79, AFSPC-9, GPS III-4, 5, & 6, SBIRS-5, NROL-47. The 8th, SBIRS-4, is planned for the 36-core buy to maintain requirements contract terms and preserve \$4.4 billion in savings gained. The Air Force is committed to competition as soon as a certified New Entrant exists and is examining options to compete 8 instead of 7 missions in the fiscal year 2015 to fiscal year 2017 timeframe.

Question. It is our understanding that there are actually five missions that New Entrants have the capability to compete for in 2015 alone: GPS III-3, NROL-61, NROL-42, NROL-79, SBIRS-4. Were you aware of this and if so will you open these missions to competition, as was clearly the letter and spirit of the Kendall Acquisition Directive?

Answer. There are updates to your information. First, GPS III-3 is currently planned to be awarded in fiscal year 2014. Second, our current assessment indicates that the Falcon 9 v1.1 cannot launch NROL-61 or NROL-42 payloads. Additionally, the satellite designated for NROL-61 is a fixed-price contract, which includes the launch service as government furnished equipment. We will not open up a previously awarded fixed price contract. NROL-79 is planned for competition. SBIRS

GE0-4 was moved into the 36 core buy to preserve requirements contract terms and the \$4.4 billion in savings achieved with the block buy. The Air Force is committed to competition as soon as a certified new entrant exists and is investigating options to compete 8 instead of 7 missions in the fiscal year 2015 to fiscal year 2017 time-frame.

U-2, GLOBAL HAWK, AND HIGH ALTITUDE ISR

Question. Two years ago the Department of Defense wanted to cancel the Global Hawk Block 30. At the time, the Department stated that while the two systems had roughly equal operating costs, the U-2 collected far better imagery. What has changed in the last two years that led to this about-face?

Answer. The Department of Defense determined the RQ-4 Block 30 will be sufficient over the long-term to meet intelligence, surveillance, and reconnaissance (ISR) requirements when considered within the total portfolio of ISR capabilities. The lower operating cost of the RQ-4, as seen in the reduction of the system's cost per flying hour and enabled by its greater endurance, became the primary driver for retaining the RQ-4. Although upgrades to the Block 30 will cost more in the near-term versus keeping the U-2, the potential long-term savings provided the rational basis to retain the RQ-4 Block 30.

Question. These two platforms, the Global Hawk and the U-2, have some overlap, but they each bring unique capabilities to the high altitude ISR mission. Furthermore, both systems are being heavily employed overseas. Should we be reviewing these as rival, rather than complimentary systems?

Answer. The Air Force has long viewed the RQ-4 and U-2 as complementary systems, but cannot afford to maintain both in the current fiscal environment. Both systems provide unique capabilities to the warfighter, and if the Air Force could maintain both fleets, it would.

Question. If the U-2 retires, will there be a gap in our capability to collect intelligence?

Answer. With a force structure reduction, there will be less intelligence, surveillance, and reconnaissance (ISR) capacity to meet conventional peacetime and wartime requirements; however, the Department of Defense has determined that the RQ-4 Block 30 force structure is sufficient when considered within the total portfolio of ISR capabilities. Some losses in ISR capability can be mitigated with planned upgrades to the RQ-4 and the Air Force is accepting some increased risk to combat and peacetime ISR collection capabilities. Any specific mission, capability, or capacity gaps must be discussed at a classified level.

Question. When the Department of Defense wanted to cancel the Global Hawk Block 30 two years ago, the Air Force had 18 aircraft delivered or on contract. Congress mandated that the Air Force purchase three more that had already been appropriated, bring the total fleet to 21. The program of record was for 31 aircraft. If the U-2 is retired, will there be a need to procure more Global Hawks?

Answer. Based on Joint Requirement Oversight Council requirements, the current programmed fleet of 21 Block 30 will be sufficient. There will be no need to procure any RQ-4 aircraft beyond the pith-filed 21 aircraft.

Question. What are the plans to increase the Global Hawk's capabilities in the Pacific theatre?

Answer. The RQ-4 Block 30 is already operating in the Pacific. The fiscal year 2015 President's Budget request funds Block 30 improvements to increase operational reliability, including improved performance in inclement weather and avoiding conditions previously resulting in early recovery or flight cancellations. In addition, the budget request provides funding to transition unique U-2 sensor capabilities to the Block 30 in the future years defense program at fiscal year 2015 funding levels. Starting in the third quarter of fiscal year 2014, the RQ-4 will open up a temporary forward operating location in Japan to improve mission reliability during the Pacific typhoon season. In addition, the first deployment of Block 40 early operational capability (pre-initial operational capability) is scheduled to deploy to Guam in mid-2014.

Question. Do you plan to adapt the U-2's sensors for the Global Hawk?

Answer. The Air Force plans to capitalize on our long experience with the U-2 as we transition the conventional high altitude intelligence, surveillance, and reconnaissance (ISR) responsibilities solely to the RQ-4. The fiscal year 2015 President's Budget request provides investments to transition unique U-2 sensors to the RQ-4 Block 30. An engineering feasibility study is ongoing with a report due to the Congress this summer. Pending the outcome of this study, the Air Force will develop plans to integrate the Senior Year Electro-Optical Reconnaissance System (SYERS) and the Optical Bar Camera (OBC) on the RQ-4 Block 30. However, the sensor

transition to Block 30 will be deferred if the budget is reduced to the Budget Control Act levels.

Question. One of the Global Hawk's perceived shortcomings is its difficulty in avoiding bad weather, which is a particular problem for the Pacific theater, and its lack of an anti-icing system. What are the plans to address these concerns?

Answer. The Air Force's fiscal year 2015 budget request includes funding for three distinct efforts related to these concerns:

1. A weather radar system that will enable operators to avoid thunderstorms;
2. Ice shape testing to better understand how icing conditions affect the airflow over the Global Hawk's wing; and
3. A heated cowl on the Global Hawk's engine inlet which will prevent ice buildup.

All three efforts are scheduled to begin in fiscal year 2015.

Question. The U-2 carries the wet-film Optical Bar Camera (OBC), which produces high-resolution digital imagery; it is highly trusted, making it critical to certain situations—such as the U.S. mission to monitor the Middle East peace treaty. If the U-2 retires, how will you address this capability gap?

Answer. The Department of Defense does not intend to gap Middle East peace treaty support and is pursuing options to fulfill this requirement based upon the fiscal year 2015 President's Budget request. The Optical Bar Camera (OBC) capability is not available from any other Department of Defense platform. OBC is a "wet film" sensor, providing broad area synoptic coverage. The fiscal year 2015 President's Budget request provides funds to transition the U-2 OBC and the Senior Year Electro-Optical Reconnaissance System sensor to the RQ-4 Block 30 by fiscal year 2019. In the interim, the Air Force and the Office of the Secretary of Defense for Intelligence are assessing OBC capability options from the time of U-2 shutdown until RQ-4 is capable and approved for the mission. Those plans will be developed by the Air Force and coordinated with the rest of the Department of Defense, the Department of State, and the National Security Council, as required.

[CLERK'S NOTE.—End of questions submitted by Mr. Calvert. Questions submitted by Mr. Cole and the answers thereto follow.]

E-3

Question. General Welsh, we still have Homeland Security responsibilities and the strategy calls for U.S. forces to "defeat" a regional adversary in a large-scale, multi-phased campaign, and "deny" the objectives of, or impose unacceptable costs on, an opportunistic aggressor in another region. Does it make sense to lose the most effective, efficient, and qualified crew members ever assembled on the E-3? How do you capture the experience of service members who have developed special E-3 skills and experience when you do away with the one and only E-3 Reserve squadron?

Answer. In order to retain maximum flexibility to fulfill combatant commanders' requirements, execute the strategy as described above, and endure a high operations tempo, the best way forward is to transition to an all-active duty E-3 AWACS force structure and to divest the reserve squadron. The ultimate decision to divest this squadron was a result of Budget Control Act-mandated reductions. Being responsive to homeland security requirements and global "defeat" and "deny" operations requires a force that can be deployed at a moment's notice. Because we do not want to lose these highly qualified E-3 Reserve aircrew members, we intend to retain their operational knowledge and Airmanship expertise within the Reserve force. In fiscal year 2016, the Air Force plans to incorporate the Reserve AWACS 513th Air Control Group into the Reserve KC-135 Wing currently at Tinker Air Force Base, Oklahoma. Four KC-135s and E-3 Reserve personnel will be added to the KC-135 Wing.

Please note that the fiscal year 2015 President's Budget request decisions were a Total Force effort and each component—Active, Reserve, and Guard—recommended these tough choices in light of fiscal constraints.

Question. General Welsh wouldn't it make more sense to augment the Reserve squadron and reduce the number of active duty E-3s if you wanted to save money and preserve a mission? How did you arrive at this recommendation and did you consider alternatives?

Answer. In light of the Budget Control Act (BCA)-directed reductions, the Air Force concluded it is most prudent to trade capacity in order to retain capability. Based on Title 32 limitations for utilizing the Reserve force, the best course of action for meeting both BCA-directed reductions and maintaining the maximum ability to fulfill combatant commanders' requirements was to divest 7 E-3 aircraft and both associated active duty and Reserve personnel. Augmenting the Reserve force would not increase flexibility to meet prioritized combatant commanders' requirements and

fund modernization of the aging command and control (C2) enterprise. Modernization of the C2 enterprise—AWACS 40/45, JSTARS recapitalization, 3-Dimensional Expeditionary Long Range Radar (3DELRR) acquisition, Air Operations Center (AOC) 10.2 upgrade, and Deployable-Radar Approach Control (D-RAPCON) acquisition—is critical to the Air Force being ready to meet the operational demands of the future fight in 2023 and beyond.

Please note that the fiscal year 2015 President's Budget request decisions were a Total Force effort and each component—Active, Reserve, and Guard—recommended these tough choices in light of fiscal constraints.

Question. General Welsh, most recently, the 513th ACG activated yet again for 180 days May–Nov 2012 to deploy and completely take over the OEF Mission in Afghanistan, as the Active Component could not maintain their mission without the 513th Air Control Group. Without their support, there wouldn't have been enough AWACS crews able to deploy in theater. How will the Air Force adjust to meet the demand for this asset?

Answer. The Budget Control Act and the resulting sequestration-level funding constraints compelled the Air Force to make changes and cuts that will impose higher near-, mid-, and far-term operational risk across a broad range of mission areas and platforms. These constraints drove the Air Force to assume additional risk with the E-3 AWACS in order to fund critical modernization of the aging command and control enterprise. The E-3 AWACS inventory reduction will exacerbate operational shortfalls. As with other high demand/low density platforms, the Air Force will provide assets to meet the critical priorities of combatant commanders through the global force management process.

Question. Cutting platforms and programs such as JSTARS, Compass Call, and AWACS, removes high demand, low density assets that support the combatant commanders. I'd like to understand the rationale behind the decision to cut high demand, low density assets and how that comports with the priorities that were laid out in the QDR and the Defense Planning Guidance.

Answer. The fiscal environment required tough choices, and the fiscal year 2015 President's Budget request cuts capacity across all Air Force missions. Due to these constraints, the Air Force chose to trade capacity in order to sustain critical modernization for airborne and ground command and control (C2) systems to remain operationally viable for contested/highly contested environments. The capacity reduction permits completion and fielding of E-3 AWACS Block 40/45 by 2020, continuing modernization of legacy E-3 AWACS avionics systems, and other needed C2 modernization, including: Deployed Radar Approach Control; Air Operations Center 10.2; and Three Dimensional Expeditionary Long Range Radar (3DELRR). In order to improve E-3 AWACS capacity, we are funding an analysis of alternatives to evolve the E-3 AWACS mission into a more efficient and effective platform, similar to the E-8 JSTARS recapitalization effort. The EC-130H Compass Call fleet reduction was another tough decision given the unique and critical capability it brings to combatant commanders. Over the next five years, even with the reduction of half the fleet, there will be capacity to support most combatant commander airborne electronic attack requirements. It also allows time for analysis to replace the capability in a manner that will allow operation in the range of non-permissive combat environments outlined by the Quadrennial Defense Review and Defense Planning Guidance.

C-130 AMP

Question. The fiscal year 2014 President's Budget stated, "with termination of C-130 Avionics Modernization program (AMP), the Minimize C-130 Communication, Navigation, Surveillance/Air Traffic Management (CNS/ATM) option provides minimal airspace compliance focused program to modify 184 C-130H aircraft." It is alarming that the Air Force has identified the C-130 AMP for termination after investing over \$2 billion in the program.

Even more alarming is the fact that even despite funds being appropriated in fiscal years 2012, 2013, and 2014 for the program of record, those funds have remained unobligated and it appears no effort has been made to move the program forward. To date, C-130 AMP has been on cost and schedule since 2007, and resulted in the delivery of five modified aircraft and four additional kits. Moreover, a robust training program is in place with full motion simulators and multiple aircrews and maintenance personnel have been trained.

Secretary James, the Air Force has ignored congressional intent for the past three budget cycles and does not plan to obligate funding authorized and appropriated in fiscal year 2014 for the C-130 AMP. The Air Force has sunk \$1.5 billion in devel-

oping and testing this successful program and now plans to shelve the taxpayers' investment. Why has the Air Force not continued the C-130 AMP program?

Answer. In today's fiscally constrained environment, C-130 AMP is too expensive (\$3.15 billion for 187 aircraft) and not all upgrades are essential. A reduced scope C-130 CNS/ATM program meets Federal Aviation Administration and international airspace requirements at a significantly lower cost—\$0.62 billion. Due to fiscal year 2013 budget constraints, the Air Force attempted to cancel the C-130 AMP and replace it with the reduced scope "Optimize Legacy C-130 CNS/ATM" program. Section 143 of the National Defense Authorization Act for Fiscal Year 2013 prohibited the Secretary of the Air Force from taking any action to cancel or modify C-130 AMP until a period of 90 days after the Secretary submitted to the congressional defense committees a cost-benefit analysis. This congressionally mandated analysis was to compare the C-130 AMP to a reduced scope CNS/ATM program and be completed by the Institute for Defense Analyses (IDA). The Institute for Defense Analysis (IDA) study, delivered to Congress on November 15, 2013, recommended that the Air Force not continue the AMP program. Accordingly, the fiscal year 2014 President's Budget request funded a reduced-scope "Minimize C-130 CNS/ATM" program to meet minimum CNS/ATM requirements and ensure global access. However, the National Defense Authorization Act for Fiscal Year 2014 again prohibited C-130 AMP cancellation pending a Comptroller General sufficiency review of the IDA study. The fiscal year 2015 President's Budget request funds the reduced scope C-130 CNS/ATM solution; however, the Air Force is unable to proceed until Congress removes the restrictive legislative language.

Question. Secretary James, in lieu of C-130 AMP, the Air Force plans to develop a lesser avionics modernization capability that will not provide the required capability throughout the service-life of the C-130 aircraft to meet FAA and international airspace flight restrictions. What is the cost to develop a lesser avionics modernization program that will satisfy airspace flight restrictions to keep C-130 aircraft relevant and capable through year 2040, its projected service-life?

Answer. The fiscal year 2015 President's Budget request includes funding for the C-130 CNS/ATM program. This program will allow the C-130H aircraft to meet the January 2020 Federal Aviation Administration's airspace mandates. The total fiscal year 2015 Future Years Defense Program funding for the C-130 CNS/ATM program is \$177.8 million and is planned to be complete in fiscal year 2023.

READINESS OF COMBAT AND MOBILITY SERVICES

Question. General Welsh, in what year will you achieve sufficient readiness in your combat and mobility air forces to fully support the requirements of the 2012 Defense Strategic Guidance? How would you characterize the operational risk incurred in executing the 2012 DSG and supporting combatant commanders' steady-state rotational and warfighting requirements between now and that date?

Answer. The fiscal year 2015 President's Budget request allows the Air Force to begin recovering readiness, but recognizes it will likely not fully recover until sometime around 2023. The current strategy requires the vast majority of Air Force units to be ready now. The proportion of Air Force units required to be ready to meet this strategy will actually have to increase as the Air Force continues to shrink.

Air Force readiness recovery is heavily influenced by ongoing operations, as time and resources consumed in supporting current operations limits opportunities for units to train for the full spectrum of potential operations. Operational demands over the last twelve years have eroded the Air Force's ability to conduct the full range of Air Force missions, especially complex missions conducted in contested and highly contested environments.

Regarding operational risk, rotational mission readiness currently meets combatant commander rotational demand, but leaves few, if any, other forces available for surge or emerging requirements. Return to Budget Control Act funding levels in fiscal year 2016 or roll-back of the force structure divestitures in the fiscal year 2015 President's Budget would substantially increase risk in Air Force readiness.

KC-10

Question. General Welsh, if the Air Force is required to execute fiscal resources at Budget Control Act levels, what operational risk do you incur by having to divest the entire KC-10 tanker aircraft fleet? What other programmatic options would you have to execute if Congress prohibited the retirement of the KC-10 aircraft?

Answer. If Budget Control Act level caps are maintained into fiscal year 2016 and the Air Force is forced to divest the KC-10 before sufficient numbers of KC-46s are fielded, we would have less flexibility in meeting air refueling demands across a broad spectrum of operations, resulting in fewer ready forces to support current

strategic guidance. The resulting tanker force will be smaller, but still required to meet pre-divestiture air refueling demand levels. Higher tanker readiness and availability levels are required to meet the strategy.

If the Congress prohibits the Air Force from retiring the KC-10 fleet, the Air Force's ability to meet the strategy will be at greater risk and we would be forced to shift critical funds from our readiness and recapitalization/modernization accounts, as well as consider reductions in other parts of our force. These may include deferring KC-46A procurement and reducing the KC-135 and the C-5 fleets. Budget Control Act-imposed cuts to our readiness and recapitalization/modernization accounts would mean a less capable, smaller force that is even less ready for tomorrow's fight.

F100-229 ENGINES

Question. General Welsh, its my understanding that the production line for F100-229 engine, which powers F-15s and F-16s, will shut down by the end of calendar year 2016. I am also aware that the Air Force has a validated shortfall in spare 229 engines to meet wartime requirements. Can you confirm this for me and please tell us what the Air Force plans to do about procuring the required spares before the production ends?

Answer. While the Air Force currently has an adequate level of serviceable F100-229 engines available for mission needs, there is an overall shortfall of spare engines in the logistics pipeline. Based on the latest Propulsion Requirements System (PRS) engine acquisition computation, there remains a requirement for 25 additional F100-229 spare engines which we hope to fund if resources allow. Absent these additional engines, the Air Force has and will continue to intensively manage the F100-229 logistics pipeline, particularly during peak engine overhaul periods. As of April 4, 2014, the Air Force has 52 serviceable spares available.

CIVILIAN WORKFORCE AND DEPOTS

Question. What is the rationale for funding depot maintenance at only 70 percent of the requirement and do we anticipate that the Overseas Contingency Operations (OCO) request will increase the percentage to at least 80 percent as some have speculated? I have heard it said that 80 percent, that is about as much as the organic depots can handle; however, I am aware of some civilian personnel cuts in the Air Logistics Centers (ALCs). If we are funding Air Force depot maintenance at the highest level the depots can handle at their current capacity levels, why would we need to cut civilian employee levels?

Answer. All of weapon system sustainment (WSS) is funded to approximately 70 percent without Overseas Contingency Operations (OCO) funding in fiscal year 2015 and the Air Force expects an OCO submission that will bring the portfolio to approximately 80 percent. This funding level balances capability and capacity with readiness, as our limited resources require strategic choices. Our organic depots are not operating at capacity, but organic depot workload is planned more than a year in advance of any given fiscal year. This planning timeline is required to balance workforce with workload and makes it difficult to adjust industrial and contract planning to accommodate near term funding changes.

Overall depot manning is based on the workload and funding received as intended under Title 10 United States Code Section 2472, which prohibits the management of the depot workforce "on the basis of any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees." The Air Force has used targeted Voluntary Early Retirement Authority or Voluntary Separation Incentive Program (VERA/VSIP) for skills leveling at the depots to shape the workforce so that the right skill and capability is available as workload generates. The depots primarily use normal attrition to accommodate these changes; however, based on the demographics of the workforce and changes in workload requirements, a VERA/VSIP is required when normal attrition will not achieve requirements.

Question. As you know, Congress has not been too keen on BRAC, yet the Department has continually requested a BRAC. Deputy Secretary Fox has said that we need a BRAC to cut civilian personnel especially at depots. If granted BRAC authority, would you expect to look at depot capabilities within the Air Force? Also, if not granted a BRAC, should we expect to see your current authority to try and close or realign depots or other organic industrial facilities?

Answer. The Air Force considers the retention of a strong and viable industrial base as critical to our ability to successfully complete the Air Force mission. The Air Force continually reviews requirements to ensure that a ready and controlled source of repair is maintained within the organic depots. The capabilities that exist

and that are planned are sized to ensure the Air Force has the capability to support the warfighter. Capabilities within the organic depots are sized and structured to enable the Department of Defense to satisfy 10 USC 2464. Any final analysis of capabilities or consideration of realignment under BRAC would be conducted at the Department of Defense-level, not by the Air Force. At this time, the Air Force does not anticipate using any of its current authority to try and close or realign depots or other organic industrial facilities.

WEATHER DATA

Questions. As you may know, the National Weather Center located in Norman, Oklahoma is in the OK-04. Delays and significant cost growth to development of joint NOAA-Air Force weather satellites have caused both agencies to embark on different paths to get weather information once previous satellite development programs were cancelled. The nation faces a "weather data gap" during the next few years as a result.

Secretary James, what is the Air Force strategy for development of the next generation of Air Force Weather satellites, to replace the venerable Defense Meteorological Satellite Program (DMSP) that provides crucial weather data to support DoD combat operations?

Answer. The Air Force's Weather System Follow-on, introduced in the fiscal year 2015 President's Budget request, will provide a foundation to transition from the Defense Meteorological Satellite Program to future capability to satisfy Department of Defense overhead weather requirements. In fiscal year 2015, we will begin acquisition planning and strategy development to include sensor interface design and development, and ground processing system upgrades to process civil and international partner system data.

Question. Secretary James, please summarize the key features of the recent "analysis of alternatives" conducted by the Air Force, and highlight in particular the recent thinking that DoD will rely on other sources of weather data beyond those developed with the DoD or U.S. government.

Answer. The Space-Based Environmental Monitoring (SBEM) Analysis of Alternatives (AoA) began by assessing the military utility of 12 capability gaps identified by the Joint Requirements Oversight Council (JROC), which formed the requirements basis for the AoA. The AoA validated the military utility of 11 of the 12 capability gaps and analyzed these gaps to determine if a Department of Defense (DoD) materiel solution was warranted to address each gap. In determining possible materiel solutions, two factors were considered: 1) The likelihood that currently programmed civil and international SBEM systems will be available to, and usable by, the DoD; and 2) the operational risk tolerance for noticeably increased dependence on non-DoD assets. Within these parameters, a diverse set of alternatives was developed that ranged from no materiel solution through a materiel solution that addressed the entire set of capability gaps identified by the JROC.

The SBEM AoA ultimately determined that the nearest term operational risks were associated with the following capability gaps: Ocean Surface Vector Winds, Tropical Cyclone Intensity and Low Earth Orbit (LEO) Energetic Charged Particle Characterization. The fewest mitigation options exist for these gaps, which prompted the Air Force to pursue a potential materiel solution that addresses these specific capability gaps. This is a pre-decisional approach, pending formal review and approval with the JROC and Milestone Decision Authority.

In addition, the DoD currently accesses international SBEM data through the National Oceanic and Atmospheric Administration (NOAA) to support military operations. The DoD's agreement with NOAA allows it to not only share its SBEM data, but also access international partner data from a variety of partner environmental monitoring satellite systems. This relationship highlights the DoD's current reliance on international data, which is expected to continue and increase in the future.

Question. Secretary James, a number of companies are willing to finance, build, and launch their own weather satellites that can perform some of the missions that the Air Force seeks in its analysis of alternatives. This approach can be attractive since no government procurement or research & development funds would be necessary during the next few years, and later the Air Force could simply purchase weather data as needed, using operations & maintenance funds. What role does the Air Force envision for commercial sources of weather data from U.S. companies in its analysis of alternatives?

Answer. The Space-Based Environmental Monitoring (SBEM) Analysis of Alternatives (AoA) documented that the nearest term operational risks were associated with the following capability gaps: Ocean Surface Vector Winds, Tropical Cyclone Intensity and Low Earth Orbit (LEO) Energetic Charged Particle Characterization.

It was determined that these specific capability gaps warranted a Department of Defense (DoD)-specific materiel solution due to the unacceptable level of risk of reliance on civil and international SBEM systems to fulfill these capability gaps. However, the purchase of weather data will be considered as part of the materiel solution trade space, pending Joint Requirements Oversight Council endorsement of the SBEM AoA results in the third quarter of fiscal year 2014 and review of the acquisition approach with the Milestone Decision Authority in the fourth quarter fiscal year 2014. For the remaining capability gaps assessed within the SBEM AoA, it was determined that DoD can rely on its civil and international SBEM partner systems to provide the data that meets these capability gaps.

The Air Force is not pursuing commercial sources of weather data at this time. The Air Force is focusing its limited resources on addressing specific gaps through a DoD materiel solution. The SBEM AoA did not identify any existing or potentially viable commercially available systems that can fill these gaps.

Question. Secretary James, what specifically has the Air Force done to encourage development of commercial sources of weather data in the United States, similar to what our nation did a decade ago to develop commercial sources of imagery and mapping data for the intelligence community?

Answer. The Air Force has considered the use of commercial sources of weather data as part of the Weather System Follow-on risk reduction activities and the recent Space Based Environmental Monitoring Analysis of Alternatives (SBEM AoA). Specifically, Air Force Space Command's Space and Missile Systems Center awarded a contract to a commercial company to study the benefits and possible drawbacks of utilizing a commercial approach to obtaining weather data. A key objective of the study was to demonstrate weather system architecture trades in the context of annual fee-for-service arrangements.

The purchase of commercially available weather data is dependent upon several factors including the endorsement of the SBEM AoA results in the third quarter of fiscal year 2014 and review of the acquisition approach with the milestone decision authority in the fourth quarter of fiscal year 2014. The Air Force has not taken any action to preclude the purchase of cost effective and operationally assured commercial weather data in the future.

Question. Secretary James, When does the Air Force plan to hold an industry day for possible U.S. commercial sources of weather data?

Answer. The Defense Weather Systems Directorate (DWSD) at the Space and Missile Systems Center (SMC) is planning a Weather Partnership Council meeting for the third quarter of fiscal year 2014, once the Weather System Follow-on (WSF) materiel solution strategy is approved by the Milestone Decision Authority. This meeting will provide the opportunity for the DWSD to meet with government and industry environmental monitoring stakeholders to discuss the current status and the path forward for the weather system follow-on activities.

The Air Force and NOAA participated in an experiment called COSMIC (Constellation Observing System for Meteorology, Ionosphere, and Climate) with the Government of Taiwan to test the concept of "GPS radio occultation" which is a highly accurate technique to derive measurements of temperature, pressure, and water vapor at all altitudes by observing the "bending" of radio signals from Global Positioning System satellites. This technique also enables prediction of solar activity that is potentially damaging to satellites, power grids, and military and civil communications.

Question. 1) What is the Air Force plan to contribute funds or in-kind assets to a COSMIC-2 follow on program? 2) How many COSMIC-2 satellites are in the Air Force plan and budgets? 3) Provide all Air Force and other DoD funding for COSMIC-2 by appropriation, fiscal year, and line item. 4) How do COSMIC-2 sensors compare to those to be flown by U.S. commercial weather satellite industry? 5) Compare data latency in the COSMIC-2 approach with that of the commercial approach, and the need for a dedicated U.S. funded ground stations.

Answer.

1) At this time, there is no planned COSMIC-2 follow-on program. The equatorial plane of COSMIC-2 is currently in production, while the polar plane is being contemplated. Following COSMIC-2, the Department of Defense will likely benefit from the type of data COSMIC-2 provides, regardless of source.

2) The Air Force is not purchasing any COSMIC-2 satellites. The Air Force is purchasing the primary and secondary payloads to be flown on spacecraft procured and operated by Taiwan. The payload suite includes the Tri-Global Navigation Satellite System (GNSS) Radio-Occultation System (TGRS), the Radio Frequency (RF) Beacon, and the Ion Velocity Meter (IVM).

3) Air Force funding procured primary and secondary payloads for the COSMIC-2 satellites through the Space Situational Awareness Environmental Monitoring

(SSAEM) program. The following amounts were appropriated under the SSAEM Budget Program Activity Code (BPAC):

- Air Force, RDT&E–FY10, \$15.501 million, PE 0604425F, Line Item 73—\$2.5 million of that funded COSMIC-2 activities
- Air Force, RDT&E–FY11, \$55.548 million, PE 0604425F, Line Item 70—\$40 million of that funded COSMIC-2 activities
- Air Force, RDT&E–FY12, \$38.1 million, PE 0604425F, Line Item 65—\$30 million of that funded COSMIC-2 activities

4) At least two companies propose operating a weather satellite constellation using the same radio frequency occultation technology as COSMIC-2. One company plans to use the same receiver the Air Force developed for COSMIC-2 via the Jet Propulsion Laboratory. Another company plans to use a previous version of the receiver which operates today on COSMIC-1.

5) COSMIC-2 data latency is expected to be about 30 minutes, but will depend in part on the ground system that the National Oceanic and Atmospheric Administration is developing. The expected data latency is sufficient to meet the Department of Defense's requirements for this type of data, particularly over the Pacific Ocean. Commercial proposals cannot meet this requirement at this time. The Department of Defense will meet this latency requirement by using existing weather satellite ground equipment located around the world.

Question. Secretary James, why is the Air Force using its funds, at the time it is making drastic cutbacks to U.S. military programs, to support the government of Taiwan?

Answer. No U.S. funds are provided directly to Taiwan under this joint program. In fact, the United States is leveraging \$241 million provided by the Taiwan government to procure the COSMIC-2 spacecraft and integrate U.S. provided payloads. The Air Force has developed the primary and secondary payloads to fly on each of the COSMIC-2 equatorial spacecraft. This partnership is a highly leveraged and cost effective means of providing the Department of Defense (DoD) and the U.S. National Oceanographic and Atmospheric Administration (NOAA) with the high quality data upon which the Air Force Weather Agency and the National Weather Service relies. In addition to DoD and NOAA, COSMIC-2 data will be shared with the international weather community, including several countries which are providing ground receive sites and services.

Question. Secretary James, why is it acceptable to have weather data for U.S. military operations being under the control of a foreign nation?

Answer. Historically, the legacy Defense Meteorological Satellite Program has fulfilled the United States military's most essential and critical space based environmental monitoring operational needs. Nevertheless, the United States military has long benefited from the civil collection capabilities of National Oceanic and Atmospheric Administration, and from the international sharing of weather data facilitated by the World Meteorological Organization. For over 25 years, the United States, including the Department of Defense, has utilized environmental imagery and data from satellites operated by our European and Japanese allies to support resource protection and safety of maneuver. We have also demonstrated assured access to weather data by partnering with Taiwan in the Constellation Observing System for Meteorology, Ionosphere and Climate (COSMIC-1) program. In the future, the Department of the Air Force's Weather System Follow-on, combined with continued access to our civil and international partner capabilities, will continue to fulfill the Department of the Air Force's minimal essential environmental sensing requirements.

Consistent with the National Space Policy, the Department of Defense will continue to expand international cooperation in space and leverage our international partners' capabilities, as well as existing commercial capabilities, to augment dedicated United States capabilities.

[CLERK'S NOTE.—End of questions submitted by Mr. Cole. Questions submitted by Mr. Aderholt and the answers thereto follow.]

AIR UNIVERSITY

Question. Knowing the value you place on Air University and recognizing the fiscal environment we are facing, coupled with the President's Budget request to conduct a BRAC in 2017, would you please address:

- a) The importance of Air University as it relates to other priorities
- b) The importance of future investment in Air University
- c) Any opportunities to consolidate other forms of education at Air University

Answers. The importance of Air University as it relates to other priorities. As the education center of the Air Force, Air University produces the future. Education is

a force multiplier that increases the ability of Airmen to accomplish the mission and defend the nation. Air University centrally manages citizenship and accessions, professional military education, professional continuing education, and graduate technical education programs for the Air Force, making it unique among the four uniformed services. Under one organization, an enormous range of educational programs are developed and extended to hundreds of thousands of active duty, Guard and Reserve, and civilian Airmen, joint service members, and international coalition partners every year. While training imparts specific skills for a defined current need, education develops critical thinking and leadership skills for the future. Both are necessary to produce a force that can secure the Nation's interests today and for the future. The airpower dominance that the United States has come to expect derives in part from Airmen who are equipped with the knowledge, competencies, and thinking skills to confront unexpected strategic and operational challenges. As the force shrinks, the importance of consistently improving the ability of all Airmen grows. A flexible, educated force is essential to secure the Nation's future security needs.

The importance of future investment in Air University. Air University operates at a nominal cost to educate the force compared to rising costs for technology and equipment. Air University programs reach high school students (Junior Reserve Officer Training Corps), college students, and virtually every enlisted, officer, and civilian Airman, expanding their knowledge and their capacity to think logically and critically as they confront an increasingly complex world, unpredictable adversaries, and an uncertain future. Resources spent to educate Airmen pay dividends in improved performance over a career and a lifetime. Through career-long learning, Airmen become better prepared to serve in more advanced leadership roles; Airmen who leave the service are better assets for their communities and for the country.

Any opportunities to consolidate other forms of education at Air University. The Air Force consolidated nearly all education mission elements at Air University. The efficiently-sized headquarters staff, compared to the number of programs and students, supports and manages accredited programs in five academic centers and one advanced studies program at Maxwell Air Force Base, Alabama, and at the Air Force Institute of Technology at Wright-Patterson AFB, Ohio. Air University fields accredited programs and awards associate through doctorate degrees that meet established Air Force requirements with an annual enrollment of more than 170,000 Airmen. Past efforts to identify further opportunities to consolidate Air Force education missions focused on merging Air University with the United States Air Force Academy. To date, the Academy's unique mission has precluded further consolidation for commissioning education. Additionally, legal constraints prohibit expanding Air University programs to overlap or encroach on civilian academic programs. Nevertheless, Air University continues to transform educational programs to take advantage of the most current educational techniques and technologies. Delivering the right education at the right time and place in an Airman's career is one of the key priorities for the university.

ASSOCIATE UNITS

Question. Does the Department see a further integration of the Air Guard and Air Force Reserve units with the Active forces? More specifically, are you pursuing an expansion of Guard/Active associate units and Reserve/Active associate units as a mission effective and cost effective solution for both fighters and airlift?

Answer. Yes. Over the last three years, the Air Force has increased our associations from 102 to 124—a 22 percent increase. The Air Force is also committed to associate every new F-35A and KC-46A unit based in the continental United States.

We are constantly performing analysis to arrive at the appropriate force size and force mix to further integrate the active component with the reserve component, which can be traced back to the National Military Strategy and Defense Planning Guidance. Cost is only one factor in the decision. All options are checked against the analysis for operational viability, efficiency, effectiveness, benefits, and risks. Final programmatic decisions are negotiated with inputs from a variety of stakeholders across all three components. Programmatic changes to size and mix are made each cycle in order to continue to meet demands and strategic goals within current fiscal constraints.

F-35

Question. Does the department plan to equip the Guard and Reserve forces with newer aircraft such as the F-35, at the same time as the Active forces?

Answer. The continental United States basing plan for the F-35 includes Hill Air Force Base, Utah (active duty), followed by Burlington Air National Guard Base, Vermont (Air National Guard). No other basing decisions have been made beyond these two locations at this time. The Total Force-Continuum (TF-C) has an on-going analytical effort underway that will produce detailed options for approximately 80 percent of the Air Force by the end of calendar year 2014 and that analysis will inform future active/reserve component mix decisions.

APPLICATION ASSURANCE CENTER OF EXCELLENCE

Question. The Consolidated Omnibus Appropriations Act, 2014, consistent with the \$10 million authorization provided by the fiscal year 2014 National Defense Authorization Act, contained a \$10 million appropriation for the Application Assurance Center of Excellence at Maxwell AFB-Gunter Annex in Montgomery. What is your timeline for acting on this?

Answer. The Air Force intends to begin obligating funds by the end of May 2014. The Air Force Chief Information Officer is maturing the Air Force's strategy to organize a comprehensive software assurance plan which will utilize the capabilities of the Application Software Assurance Center of Excellence.

AIRCRAFT ENGINES

Question. During Secretary Hagel's remarks before the announcement of the President's Budget, he alluded to a \$1 billion investment in aircraft engines. Can you clarify or expand on what this initiative entails? Is there an expected RFI or RFP announcement this year that addresses this initiative?

Answer. The Air Force has invested in adaptive engine technologies through the Adaptive Versatile Engine Technology (ADVENT) effort (FY07 to FY13) and the Adaptive Engine Technology Development (AETD) effort (FY12 to FY16). The acquisition strategy for the \$1 billion investment Secretary Hagel announced is still in development, but the Air Force is working to maintain competition as long as possible in this follow-on effort. If the Department of Defense is held to sequestration levels for fiscal years 2016–2019, we expect no funds will be available for the next generation engine technology program.

All future aircraft engines are likely to benefit from technologies proven through this program. In addition, the anticipated fuel savings could free-up funds for the Air Force to invest in the modernization of other Air Force warfighter capabilities. The next generation engine program, a follow-on to AETD, will further mature adaptive engine technologies through extensive ground testing to facilitate integration and flight testing. The emphasis is on proving advanced component and sub-system maturity prior to incorporation into major systems.

The Air Force is in the process of developing the acquisition approach, so specific program titles ("Adaptive Engine Transition Program" is only a notional program name at this point), goals, and milestones are yet to be defined. However, the next generation engine program has an objective of reducing specific fuel consumption by 25 percent, yielding a 30 percent increase in range, which will be game-changing for the Department of the Air Force's capability to operate in highly contested environments. The program will increase performance, durability, and efficiency in jet engines and bolster the nation's engine industrial base for the future.

DUAL LAUNCH

Question. Please provide an answer, including dollar amounts, on what savings could be achieved by launching two satellites on one flight, occasionally known as "dual launch." a) Please provide a constellation of satellites the Air Force would consider a prime candidate for dual launch? My understanding is that adaptation costs to the launch vehicles and satellites is approximately one tenth or less compared to the savings achieved by essentially launch two launches at once. b) Do other launch providers (domestic or international) take advantage of dual launching satellites as a way to achieve launch cost savings?

Answer. Dual launch is one possible approach to lowering launch costs, assuming the two satellites are going to the same orbit or orbital plane. The Air Force considers the GPS constellation as the primary candidate for dual launch due to the large constellation size and required replenishment rate. It is correct that adaptation cost to the launch vehicle and satellites is approximately one tenth or less compared to the savings achieved by launching two satellites on one launch vehicle. Air Force analysis has shown that dual launching GPS III satellites can save the Air Force up to \$80 million per dual launch. Currently, other Global Navigation Satellite Services such as Galileo (European Union) and Glonass (Russia) perform dual

and triple launch of satellites as a way to rapidly populate the constellation and reduce cost.

LAUNCH COMPETITION

Question. Is the Air Force providing competitive launches solely for new entrants to prove themselves capable irrespective of any additional cost imposed onto the taxpayer?

Answer. No, a new entrant must "prove themselves capable" through the certification process before they can be awarded a contract to launch national security space missions. We believe that competition and the existence of a competitive environment are essential to locking in savings for the future.

The Air Force did compete the DSCOV and STP-2 launches among prospective commercial new entrants via the Orbital-Suborbital Program-3 contract. They were ideal risk-tolerant missions for potential new entrants to demonstrate system capabilities on missions requiring EELV-class performance.

Question. For any competition to be real, and of benefit to the taxpayer, the launch services provider must launch on schedule. Is the Air Force willing to impose financial penalties for failing to do so?

Answer. The terms and conditions to be included in the request for proposals are still in the review and approval process. The Air Force was directed in the National Defense Authorization Act for Fiscal Year 2014 to brief the appropriate congressional committees on the plan to implement the new acquisition strategy at the same time the Air Force releases the draft request for proposals.

Question. What evidence has the Air Force been provided that indicates new entrants will be able to meet their launch schedule?

Answer. The Air Force monitors the launch schedule of all domestic launch providers for national security space, National Aeronautics and Space Administration, and commercial payloads. The Air Force has not yet finalized the acquisition strategy for Evolved Expendable Launch Vehicle (EELV) competition; however, the Air Force will assess the cost, schedule, performance, and risk of all competitive bids.

Question. Will the added costs of adding a duplicative launch provider to the EELV market offset any cost savings of competition?

Answer. The Air Force intends to compete launch services, not launch capability. Any cost incurred by a competitor will need to be reflected in their offered pricing of the service. We do not anticipate needing to pay more for a competed launch service than we would in a sole source environment. Our experience has shown that competition drives down cost for services.

Question. How is the Air Force accounting for the added costs of the additional launch vehicles and additional infrastructure it must carry with a second provider, for a total of 3-4 launch vehicles (Atlas, Delta, Falcon)? As I understood there are currently 4 EELV ULA Pads (2 Atlas and 2 Delta from both the East and West Coast and there are 3 new entrant pads (1 pad on each coast and the newly acquired pad 39A).

Answer. We do not anticipate needing to pay more for a competed launch service than we would in a sole source environment. The Air Force intends to compete launch services, not launch capability. Any costs incurred by a competitor will need to be reflected in their offered pricing of the service. Our experience has shown that competition drives down the cost of services.

Question. Do any new entrants currently possess the necessary processing facilities required to launch all the nation's Air Force and NRO payloads?

Answer. At the current time, none of the new entrants involved in any portion of the certification process with the Air Force possess either the lift capability or the appropriate processing facilities required to lift the entire National Security Space manifest.

AUDITING, OVERSIGHT, AND ACCOUNTING RULES

Question. Should new entrants be required to comply with the same auditing, oversight, and accounting rules that are currently applied to United Launch Alliance? If not, why do you think different rules should apply to new entrants?

Answer. All potential EELV competitors will be expected to comply with the applicable auditing, oversight, and accounting standards established in the acquisition strategy the Department of Defense ultimately pursues. Specific requirements will be contained in the requests for proposal.

Question. Should government auditors be able to verify that funding disbursed prior to a launch was used to pay for materials, salaries, and expenses pertinent to that launch vehicle and its specific mission?

Answer. Yes, for non-commercial contracts the contractor is required to account for costs in accordance with its disclosure statement and Federal Acquisition Regulations. For all government contracts, the contractor is required to submit proper invoices and/or vouchers for payment in accordance with the terms of the contract.

LAUNCH COMPETITION

Question. To what degree should the government rely on this commercial backlog in assessing the viability of a supplier?

Answer. The Air Force is not relying on the commercial backlog to assess the viability of a launch supplier. The Air Force's decision to award a launch services contract requires the determination that the system will meet technical requirements and the contractor is deemed responsible in accordance with the Federal Acquisition Regulations.

Question. What insight is typically required to determine whether a contractor has sufficient capacity and financial stability to meet its contractual commitments?

Answer. In accordance with Federal Acquisition Regulation 9.104-1, to be determined responsible, a prospective contractor must:

- (a) Have adequate financial resources to perform the contract, or the ability to obtain them;
- (b) Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and governmental business commitments;
- (c) Have a satisfactory performance record;
- (d) Have a satisfactory record of integrity and business ethics;
- (e) Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
- (f) Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and
- (g) Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

For (a), (e), and (f) above, the contracting officer shall require acceptable evidence of the prospective contractor's ability to obtain required resources. Acceptable evidence normally consists of a commitment or explicit arrangement that will be in existence at the time of contract award, to rent, purchase, or otherwise acquire the needed facilities, equipment, other resources, or personnel.

For (b) above, the contracting officer typically relies on an evaluation of the technical proposal by subject matter experts.

For (c) above, the contracting officer typically relies on recent and relevant reports obtained from past performance tracking systems, such as the Past Performance Information Retrieval System.

For competitive source selections where past performance is an evaluation factor, the assessment of performance record also typically uses past performance questionnaires.

For (d) above, a review of the *System for Award Management*, *Federal Awardee Performance and Integrity Information System*, and *Excluded Parties List System* is performed.

For (g) above, the contracting offer typically reviews the representations and certifications included in the prospective contractor's proposal.

Question. Do you know if such an analysis has been performed of the new entrant space launch companies and if so, do you believe there are any risks for the financial stability and viability of new entrants? If so, what areas would you look at most closely?

Answer. The Orbital/Suborbital Program (OSP)-3 contract was awarded to be compliant with Federal Acquisition Regulation 9.104-1(a). Under this requirement, a Contractor Responsibility Determination was executed for each of the three companies who were awarded OSP-3 contracts (Orbital Sciences Corporation, Lockheed Martin Corporation and Space Exploration Technologies). Each of those determinations concluded that the awardees had adequate financial resources to perform the contract, or the ability to obtain them.

STP-2 MISSION C

Question. Please provide an update on the STP-2 mission?

a. It was to be launched on a Space X Falcon Heavy rocket with the latest launch date in mid-2015. Is this still the expectation? If so, please provide a list of milestones.

b. If not, please explain the new plan and what tasks the \$60 million, already disbursed, was used for.

c. If there is a change to the mission, please explain the reason for the change in plans.

Answer.

a. The current date for Initial Launch Capability of the STP-2 mission is August 2015. The mission milestones are:

- Service Requirements Review; complete: The contractor presented a review of their requirements analysis for the STP-2 mission which included mission requirements decomposition, allocation, and validation. This is how the contractor demonstrated understanding of their performance obligations to the government in meeting terms of the contract.
- Mission Design Review-1; complete: The contractor presented a mission design concept to meet the mission requirements. The contractor also presented a review of their preliminary design for new items, new interfaces, or design modifications that must be implemented to meet STP-2 mission requirements.
- Mission Unique Review; complete: The contractor presented their preliminary design for the payload satellite dispenser to include the separation system, dispenser design, analysis, and test/verification plans. This review also included delivery of a computer aided design model, an integrated test plan, and a Finite Element Model of the dispenser.
- Mission Design Review-2: The contractor will present a mission critical design concept to meet the mission requirements. They also will present a review of their critical design (90 percent) for new items, new interfaces, or design modifications that must be implemented to meet STP-2 mission requirements.
- Pre-ship Review: The contractor will present the pedigree of their hardware, status of factory testing of flight hardware, status of preparations to ship hardware to the launch site, status of the launch to receive flight hardware, and the status of launch documentation and readiness to start the launch campaign.
- Launch Readiness Review: The contractor will present the status of the final launch vehicle preparation, testing, and readiness to conduct final launch countdown procedures.

b. The mission plan remains unchanged. The \$63.9 million already dispersed was for the work completed against the first three milestones above, which are annotated as "complete."

c. The Air Force is processing a no-cost change to the initial launch capability date of the STP-2 mission to accommodate space vehicle driven delays. The details of this contract change are not yet finalized.

RE-COMPETITION FOR CORES

Question. Some have asked for a re-compete of part of the most recent block buy of cores. What costs would that incur, directly and indirectly (including lost savings) and how would other programs or tasks paid for by those anticipated savings be impacted?

Answer. If the Phase 1 contract with United Launch Alliance (ULA) is re-competed, the government walks away from the most cost and operationally effective acquisition strategy and its 36-core commitment to ULA, thereby breaching the contract. The government can expect ULA to re-price the 36 cores on the contract, thereby eliminating the some portion of the \$4.4 billion in savings resulting from this strategy, and exposing the Department of the Air Force to potential litigation as ULA's prices with its subcontractors and suppliers will likely increase.

Assuming the Phase 1 contract with ULA is terminated for convenience in its entirety on October 1, 2014, ULA would not be able to complete its launch services for National Security Space (NSS) missions (at least 15) procured under previously awarded contracts. This is due to an Interdependency clause associated with Launch Services procured through ULA. On the date of termination, ULA would stop production and the launch of rockets in support of NSS requirements. This would significantly delay launches for those 15 missions already on other contracts, potentially adding substantial costs (currently not available) to the satellite programs and delaying critical national space capability to the warfighter, putting our space constellations at risk. If a termination occurs, the contractor would provide a termination proposal which would then identify the costs related to the termination. Termination costs will not be known until the termination proposal is received. Re-procurement costs are also unknown.

In addition to the costs above, ULA would seek payment for termination liability of \$371 million as reported by ULA in their March 2014 Contract Funds Status Report for Launch Capability. Launch Capability is needed to support launch vehicle production, satellite to launch vehicle integration, launch site activities and launch for the Phase 1 contract and for the other existing EELV active contracts. As a re-

sult there would be financial consequences on the current contract as well as on the other EELV active contracts. The total magnitude of these costs is currently unknown. Due to interdependencies, NASA contracts may be impacted as well.

It is not possible to estimate competition driven savings until proposals are received.

LAUNCH SERVICES

Question. Please specify the typical percentage amount of payment a launch services provider received prior to the actual launch. For example, it is 40 percent to allow ordering of long-lead items?

Answer. Typically, launch services are paid in accordance with the Progress Payment clause—Federal Acquisition Regulation (FAR) 52.232-16 as follows:

“(1) Unless the Contractor requests a smaller amount, the Government will compute each progress payment as 80 percent of the Contractor’s total costs incurred under this contract whether or not actually paid, plus financing payments to subcontractors (see paragraph (j) of this clause), less the sum of all previous progress payments made by the Government under this contract. The Contracting Officer will consider cost of money that would be allowable under FAR 31.205-10 as an incurred cost for progress payment purposes.”

Question. Is it typical for a launch provider to be paid an amount equal to 100 percent of three or more launches (prior to launch)?

Answer. The contractor is paid for work performed in accordance with the payment terms in the contract. In the Air Force’s Evolved Expendable Launch Vehicle (EELV) launch program, the contractor is normally paid using progress payments in accordance with the Federal Acquisition Regulation. In our experience, it is not typical to pay 100 percent of three or more launches prior to launch.

Question. If a provider claims that the early funding is required for additional launches later, is there an accounting of what materials require more than a 36-month lead-time?

Answer. Funding is obligated to the contract at the time of contract award. Contractors are paid via the payment terms in the contract after costs are incurred. The most typical payment terms are 52.232-16 Progress Payments for fixed priced contracts and 52.216-7 Allowable Cost and Payment for cost reimbursement contracts.

Yes, there is an accounting of materials. Both payment clauses require the submission of proper invoices or vouchers which include a description of supplies or services.

[CLERK’S NOTE.—End of questions submitted by Mr. Aderholt. Questions submitted by Mr. Frelinghuysen and the answers thereto follow.]

A-10

Question. Of all the ANG A-10 squadrons being divested nation-wide, Idaho was the only one not to receive a stand-alone replacement flying mission (at Gowen Field) like the other A-10 units. How was that decided?

Answer. Once the decision to divest A-10s was made, the Air Force worked across the total force to mitigate impacts, leveraging the unique characteristics and capabilities offered at each A-10 location. We considered numerous options for replacement missions, determining a classic association at Mountain Home Air Force Base (AFB) maximized value to the Air Force. This determination was supported by the following:

- Gowen Field is a relatively short commute to Mountain Home AFB (51 miles gate to gate)

- This option provides an opportunity for Air National Guard (ANG) entry into the F-15E community; F-15Es are currently undergoing critical radar and electronic warfare modifications, so we expect the fleet to be a critical global precision attack asset well into the 2030s

- This option provides the active duty F-15E community a path to the ANG; and provides the opportunity for additional personnel if some Idaho ANG A-10 pilots do not want to transition to become weapon system officers (F-15E back-seaters)

Question. Was a business case analysis used to determine the most cost efficient course of action in this divestiture and re-missioning? If so, please provide the details.

Answer. No, a full business case analysis was not performed. In reviewing an array of divestiture and re-missioning options for the Idaho Air National Guard, the Air Force viewed consolidating two flying units at a single location (Mountain Home AFB) where the necessary infrastructure already exists as the inherently more efficient and fiscally responsible option. The alternative of doubling the requirement for

facilities to support two units flying the same number of aircraft was considered untenable, given current budget constraints.

Question. This proposal seems counter to the recommendation recently published by the National Commission on the Structure of the Air Force. In light of that report, would the Air Force/National Guard Bureau consider making the 124th Fighter Wing a pilot unit for the iWing concept described within the report?

Answer. The Total Force—Continuum (TF-C) is currently evaluating the recommendations outlined in the National Commission on the Structure of the Air Force report. This includes recommendations on the iWing concept. Through this evaluation, TF-C will explore the proper force mix per mission area, along with valid options associated with potential pilot programs outlined in the National Commission on the Structure of the Air Force report.

F-15E AIRCRAFT AT GOWEN FIELD

Question. Are there sufficient F-15E (Combat Coded, Backup Aircraft Inventory and Attrition Reserve) available worldwide to stand up a 7th F-15E (Active Associate) at Gowen Field while maintaining both current active duty F-15E squadrons at Mountain Home? Did the Air Force consider leveling all F-15E squadrons at 18 Primary Aircraft Authorizations to establish a 7th F-15E squadron?

Answer. There are 138 combat-coded F-15E aircraft in 6 F-15E squadrons; 5 with 24 primary aircraft assigned (PAA) (2 each at RAF Lakenheath in the United Kingdom and Seymour Johnson AFB in North Carolina, and 1 at Mountain Home AFB, Idaho) and 1 with 18 PAA at Mountain Home AFB. Each squadron also has 2 to 3 backup aircraft, which are required to maintain enough aircraft available while aircraft rotate for depot or are down for maintenance. In addition, there are 2 attrition reserve aircraft (needed in case of mishap or combat loss) in the entire combat-coded fleet.

Further, there are two different engines (-220 and -229) used in the fleet, and we keep each squadron "pure" for logistics cost/efficiency reasons. This is important because the only aircraft that can be considered for carving out a 7th squadron would come from the 24 PAA units using the -229 version of the engine, meaning the two RAF Lakenheath squadrons and the one Mountain Home AFB squadron. The Air Force considered the option of adding a 7th squadron, but it was not selected due to the following operational issues.

The F-15E community has a 1:3 deploy-to-dwell rate, meaning on average a unit is deployed 6 months out of every 2 years; we do not expect this deployment rate to change in a post-Operation Enduring Freedom environment. For deployments, combatant commanders require 24 PAA units. If we create an 18 PAA unit at Gowen Field, we would have to take 6 each aircraft from the two 24 PAA RAF Lakenheath squadrons and the 24 PAA Mountain Home AFB squadron, meaning only the two North Carolina units would still have the required 24 PAA. This would create an unsustainably high operational tempo and burden on these units and the community.

When a 24 PAA unit deploys, there is some residual capability at home station permitting the unit to continue with valuable upgrade and continuation training; this capability is not available to 18 PAA units. Squadrons have fixed overhead costs and requirements, so smaller units are less efficient.

In addition, the extra pilots at the squadron, group, and wing all have to be trained in the F-15E, which places increased burden on our formal training unit (FTU). The F-15E FTU is already over-stressed and unable to produce sufficient numbers of pilots. For safety reasons based on net explosive weights, Gowen Field cannot handle some of the munitions used by the F-15E. Gowen Field would likely require some operation and maintenance funding to accommodate the F-15Es requiring a site survey for precise costs.

MOVEMENT OF PERSONNEL FROM BOISE TO MOUNTAIN HOME

Question. What criteria were used in the proposal to move the 550 Guardsman from Boise to Mountain Home for a Classic Association? Is there a set of basing criteria considered to move this significant number of personnel? If so, please provide those details.

Answer. The Air Force and Air National Guard ultimately agreed that a 545-personnel classic association at Mountain Home AFB was the best balance for maximizing efficiencies while continuing to meet F-15E rotational demand during the A-10 divestment and 124th Fighter Wing conversion to the F-15E. This was an operational decision and did not qualify for the strict basing criteria the Air Force reserves for movement of platforms between bases.

There will be zero Air National Guard billets/jobs lost in the transition. The 545 personnel are both full-time and part-time personnel from the operations and maintenance groups (74 and 471, respectively) needed to fill a 6-ship deployable package in each of the two active duty F-15E squadrons at Mountain Home AFB, as well as associated personnel at the wing, group, and operations support squadron. It is best for unit integrity and the mission to move the operations and maintenance personnel together.

Question. With the significantly longer commuting distance from Boise to Mountain Home, were the time constraints, safety, recruiting and retention of Traditional (part-time) Guardsman considered?

Answer. We recognize there may be some inconvenience in the commute and that some Guard members may choose to separate or retire as a result of the move. However, early indications are that this will not be a significant problem, and we also expect some active duty Airmen from Mountain Home AFB and other F-15E units will transition to the Air National Guard to fill any open billets.

Experience from St. Louis/Whiteman AFB, and other classic associations, suggests there will be minimal impact on recruiting and retention. For example, in Virginia the Air National Guard unit at Richmond was closed and re-located to Joint Base Langley-Eustis with minimal effects on recruiting and retention.

124TH WING

Question. The 124th Wing, like all Air Force wings, is comprised of 4 Groups: Operations, Maintenance, Support, and Medical. The Air Force proposal would relocate two of those groups, Operations and Maintenance, to Mountain Home AFB. Under this proposal where the 124th Wing is geographically split (two groups at Gowen Field in Boise, and two at Mountain Home AFB) was the long term viability of the entire IDANG as a military unit into consideration?

Answer. For the integrity of the training and operational mission, it is vitally important for the operations and maintenance groups to move to Mountain Home AFB. The mission support and medical groups were considered for movement, but ultimately it was decided to leave them in place at Gowen Field where they retain their facilities and remain viable supporting the base and providing medical services. It is also likely better for the Guard members within those groups who will not have to commute.

In terms of viability, the range control squadron which is part of the 124th Fighter Wing is already operating out of Mountain Home AFB. There is no indication that this is degrading the viability of the unit. Further, there is precedent in other states. For example, there are split operations for the B-2 between St. Louis and Whiteman AFB in Missouri (an approximately 3-hour commute). A few Guard members left the unit, but most made the transition and recruiting was not an issue.

[CLERK'S NOTE.—End of questions submitted by Mr. Frelinghuysen.]

THURSDAY, MARCH 27, 2014.

FISCAL YEAR 2015 ARMY BUDGET OVERVIEW

WITNESSES

HON. JOHN M. McHUGH, SECRETARY OF THE ARMY

GENERAL RAYMOND T. ODIERNO, CHIEF OF STAFF, UNITED STATES ARMY

OPENING STATEMENT OF CHAIRMAN FRELINGHUYSEN

Mr. FRELINGHUYSEN. Good morning. The Committee will come to order.

This morning, the Committee holds a public hearing on the posture of the United States Army and the budget request for the Army for fiscal year 2015. We welcome back to the Capitol our friend and former colleague, the Honorable John McHugh, Secretary of the Army, and General Ray Odierno, Chief of Staff of the Army.

I speak for everybody in this room when I thank both of you for your long and valuable service and to the men and women you represent, who have had repeated deployments overseas and make up the force that continues to serve in Afghanistan as we speak here this morning. We honor all of those. And we particularly honor those who have paid the supreme sacrifice as well as those who have physical and mental wounds who live with the war each and every day. We honor all of them.

There are many challenges facing our great Army, and this morning we will discuss personnel issues, readiness, equipment modernization and reset, current operations in Afghanistan, obligations to the Pacific region, research and development, and the lack of an overseas contingency operations budget, among other important topics.

CONTINGENCY OPERATIONS FUNDING

The Army budget proposal is \$116 billion. In addition, the Department of Defense has forwarded an \$80 billion placeholder in lieu of a formal request for funding of overseas contingency operations. These operations, war operations, are still essential to the safety of our troops and to our national security and to security in that part of the world—a very dangerous and unpredictable place.

We have discussed this in private, but I will say it again publicly: This Committee, in the strongest possible terms, urges the Department of Defense and all of our services to work together to provide us with verifiable and defensible line-item data on projected costs of our overseas operations as quickly as possible. We have a bill to write.

Of course, the Committee is very concerned about the challenges facing the Army for current operations and readiness. We understand the difficulty in reducing spending in operations, personnel, and modernization accounts in order to satisfy budget control requirements. But we have made the decision to leave—we have left Iraq, and we are exiting Afghanistan, and, of course, one might anticipate that we would have reductions in a variety of accounts, including end strength.

Innovative thinking is required, and the road to a lower top line is never smooth. We expect to have a thoughtful discussion on force structure and personnel and also on several major programs:

KEY ACQUISITION PROGRAMS

A new infantry fighting vehicle remains a major goal for the Army, as does the continuation of fielding components of the information network of sensors, software, and radios that the Army has been assembling since 2011.

AVIATION RESTRUCTURE

Your proposed aviation restructure is designed to retire all OH-58-series helicopters, the Army's only remaining single-engine helicopter. The Active Component will downsize by 887 helicopters, and the Army National Guard will cut 111 helicopters. However, the plan moves all the Apaches from the Army Guard to serve as a reconnaissance helicopter for the Active Component. Whether or not to keep Apaches in the Army Guard remains a contentious issue.

Last point: The Army is people. There is no room for sexual assault in its ranks. Good soldiers do not abuse one another, and this committee nor Congress will tolerate it.

We will ask our witnesses for their summarized statements in a moment, but I do want to recognize the distinguished ranking member, Mr. Visclosky, for any comments he may wish to make.

[The opening statement of Chairman Frelinghuysen follows:]

Chairman Rodney Frelinghuysen

Subcommittee on Defense

House Committee on Appropriations

United States Army Budget Hearing – Fiscal Year 2015

March 27, 2014

Opening Statement As Prepared

The Committee will come to order.

This morning the Committee holds an open hearing on the posture of the United States Army and the budget request for the Army for fiscal year 2015.

We welcome back to the Capitol our friend and former colleague the Honorable John McHugh, Secretary of the Army, and General Raymond Odierno, Chief of Staff of the Army.

I speak for everyone in this room when I thank both of you for your long and valuable service and that of the men and women you represent. They have served repeated deployments overseas and comprise the majority of the 33,000 that serve in Afghanistan as we meet here this morning. The war is not over for them and we owe them a tremendous debt along with those who bear the physical and mental wounds of war.

Of course, there are many pressing issues facing our great Army and this morning we will discuss personnel issues, readiness, equipment modernization and reset, current operations in Afghanistan, research and development, and the lack of an OCO budget, among other important topics.

The Army budget proposal is \$116 billion. In addition, the Department of Defense has forwarded an \$80 billion “place holder” in lieu of a formal request for funding of Overseas Contingency Operations.

We have discussed this in private, but I will say it again publicly: this Committee – in the strongest possible terms - urges the Department of Defense *and all of the services* to work together to provide us with verifiable and defensible line item data on projected costs of our overseas operations as quickly as possible. We have a bill to write!

Of course, the Committee is concerned about the challenges facing the Army for both current operations and readiness.

Innovative thinking is required and the road to a lower top line is never smooth. We expect to have a thoughtful discussion on force structure and personnel, and also on several major programs:

- A new infantry fighting vehicle remains a major goal for the Army as does continuation of fielding components of the new information Network – a program of sensors, radios and software that started in 2011.
- Your proposed aviation restructure is designed to retire all the OH-58 series helicopters - the Army's only remaining single engine helicopter. The active component will downsize by 687 helicopters, and the Army National Guard will cut 111 helicopters. However the plan moves all the Apaches from the Army Guard to serve as reconnaissance helicopters for the Active Component. Whether or not to keep Apaches in the Army Guard remains a difficult issue.

Last point. The Army is people. A band of brothers and sisters. There must be zero tolerance for sexual assault in its ranks. Army leaders must teach, lead, and supervise. Good soldiers do not do sexual abuse and they do not tolerate it.

We will ask our witnesses for their summarized statements in a moment, but first I want to recognize the distinguished ranking member, Mr. Visclosky for any comments that he might have.

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REMARKS OF MR. VISCLOSKY

Mr. VISCLOSKY. Thank you, Mr. Chairman. I appreciate you holding the hearing; gentlemen, for your service and your attendance today.

CONTINGENCY OPERATIONS FUNDING

And I do want to associate myself with the chairman's remarks in their entirety, but particularly his comments about the overseas contingency operation fund. And, again, we have had the discussions, but, as the chairman pointed out, we do have legislation that will be on the floor shortly, so I appreciate your comments.

And thank you very much, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Visclosky.

Secretary McHugh, thank you for being with us this morning.

SUMMARY STATEMENT OF SECRETARY MCHUGH

Mr. MCHUGH. Mr. Chairman, thank you very much. Distinguished Ranking Member Visclosky, fellow former colleagues, members of the subcommittee, I deeply appreciate the opportunity.

This is my fifth chance to appear before you to talk about the work of our soldiers, our civilians, and our leaders over this past year and to, as you said, Mr. Chairman, discuss very important matters of the current state of America's Army in what I think we can all agree are very uncertain and perilous times that lie ahead, particularly if the requirements in this, our budget proposal, should not be approved.

I think it is important that I be clear up front: The time for action is now. And perhaps more than any other time certainly in recent years, we need your leadership, we need your help and your support. We must have this budget to properly restructure, reduce, and to revamp our force, and, quite frankly, we need it to protect your Army as we march into a dangerous and unpredictable future.

As members of this subcommittee, you know full well that the cuts that we have already endured from the Budget Control Act and sequestration have significantly damaged our readiness, drastically reduced our modernization programs, and demanded, as the chairman noted, sharp cuts to our end strength.

SHORTFALL IN READINESS FUNDING

These, coupled with a significant shortfall for the Army in 2013 in OCO funding, caused us to enter this year with a \$3.2 billion hole in readiness alone. The bipartisan budget agreement does, happily, provide some temporary relief, but we still are implementing a \$7.7 billion cut to our fiscal year 2014 budget request, and to meet our top-line requirements, we have had to cut another \$12.7 billion from our 2015 submission.

In order to protect current operations, our combat power, as well as our soldiers and their families, we have been forced to make extremely hard choices in this budget that impact virtually every component, every post, camp, and station, and limit nearly every modernization and investment program. Trust me, this is not what we wanted. It is not what I think your Army deserves. But it is what we have had to do to preserve America's land power in such

an austere fiscal environment as constructed by the dictates approved in law.

COMBAT, RETROGRADE, TRANSFORMATION

Now, in spite of turbulent funding and tremendous change, I think it is fair to say this past year has been one of great transition, transformation, and, yes, triumph for America's Army, not just here at home but across the globe as well. From intense combat to counterterrorism and retrograde, to humanitarian relief, disaster assistance, and regional engagement, your soldiers and civilians from every component—Active, National Guard, and Reserve—have seen unprecedented success, saved countless lives, and promoted freedom and democracy in some 150 nations around the world.

In Afghanistan, as your Army continued to fight insurgents and terrorists, we further transitioned into a training and support role, helping to set conditions for elections in April and appropriate withdrawal in December.

Simultaneously, we are conducting one of the largest retrograde operations in history, returning, removing, or demilitarizing some 580,000 pieces of equipment in the past 12 months alone. We plan to retrograde \$10.2 billion of the Army's \$15.5 billion in equipment that currently remains there.

From Europe to the rebalance to the Pacific to South America and beyond, as our forces perform vital missions around the world, we began a major transformation to reorganize our brigade combat teams. We have also accelerated end strength and cut our headquarters staff, all of these things designed to protect critical readiness and seek more balance under these budgetary constraints.

As we continue to retrograde, restructure, and reduce, we also continued our transition to decisive action training, replacing our recent focus on counterinsurgency. Unfortunately, due to severe cuts in fiscal year 2013, we were forced to cancel seven combat training rotations and significantly reduce home station training.

Although we ensured deploying units were fully trained, sequestration cuts directly impacted the training, readiness, and leader development of more than two divisions' worth of soldiers. Although our readiness levels will increase through this year and into 2015, the looming return of sequestration in 2016 will quickly erode these gains.

I would be very remiss if I did not mention the extraordinary burden our civilian employees have faced over the past year through pay freezes and furloughs. Although our fiscal year 2014 appropriation brought some relief, I truly fear that we have yet to see the true impacts of these cuts on their morale and their retention.

Our fiscal year budget reflects the challenging fiscal times in which we live by making the hard strategic choices now. It contains a number of very difficult decisions to further reduce end strength, realign our aviation assets, prioritize near-term readiness, and protect our soldier and family programs. We do much of this by taking calculated risk in modernization and facility initiatives. This budget, as such, is lean, it is stark, but it is critical to meeting the needs of our Nation and our soldiers.

END STRENGTH

In this request, we will begin further reduction to our end strength, reaching 450,000 Active, 335,000 Guard, and 195,000 Reserve soldiers by the end of fiscal year 2013. It is important to note that we are also adjusting our force mix in favor of the Reserve Component. This is the maximum end strength we believe we can afford to protect readiness and the minimum we need to execute the 2012 Defense Strategic Guidance. Nevertheless, this clearly is not without risk.

AVIATION RESTRUCTURE

As the chairman mentioned, we must restructure our aviation portfolio. We know this is controversial, but we believe we have no choice. The money is gone, and we must rebalance these vital assets in a way that maximizes our readiness and minimizes costs across all components.

This initiative will generate significant savings by reducing our total number of platforms from seven to four. We will divest the older, less capable Kiowa and TH-67 trainers in favor of Apaches and Lakotas. In support, the Guard will transfer their low-density high-demand Apache attack helicopters to the Active Army and receive over 100 of our most modern Blackhawks, a platform which is far more ideal for their dual combat and state support role.

This is the right thing to do. It allows us to better sustain a modernized, more capable fleet across all components and significantly reduce sustainment cost. Once again, the vast majority of these cuts, a total of 86 percent, come from the Active Army. Overall, the Guard's fleet will decline by just 8 percent, while the Active force declines by some 23 percent.

CARING FOR PEOPLE

As you said, Mr. Chairman, at its core, our Army is people. Accordingly, we are committed to protecting effective soldier, civilian, and family programs and, where appropriate, adding resources. In fact, we increased funding by nearly 46 percent across a myriad of programs associated with a ready and resilient campaign.

From the prevention of sexual harassment, assault, and suicide to transition assistance and comprehensive soldier and family fitness, we are determined to meet the needs of our warriors, employees, and families. We have a sacred covenant with all those who serve and with all who support them, and we will do everything within our power not to break it.

BASE REALIGNMENT AND CLOSURE

On a final note, let me take a moment to mention BRAC. I know that is not popular. As a Member, I went through three rounds. I had a base close in my district. And I recognize that authorizing another BRAC is a difficult step to take. But it was necessary during the last round, in 2005, and I would argue it is even more necessary now. We cannot afford to pay for the maintenance and upkeep of unused or unnecessary facilities. It wastes money we just don't have.

As I noted, we didn't want to make a number of these hard decisions, we didn't want to limit our programs or further cut our end strength, but we had no choice. Nevertheless, we believe we have developed a plan that balances the needs of our Nation, our soldiers, and family members against severe budget constraints and calculated risk.

This is where we need your leadership, your support, your help. If our planned reductions and realignments are derailed or delayed, we do not have the funding, we don't have the time to adjust. Simply put, we need protection and we need predictability, not politics.

In conclusion, on behalf of the men and women of your Army, let me thank you for your continued and thoughtful oversight, your steadfast support, and proud partnership. Let's go forth together to help safeguard the most capable land force the world has ever known as we prepare to meet the unforeseen challenges that lie ahead.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Secretary, for an excellent statement.

General Odierno, good morning, and thank you for being with us again.

SUMMARY STATEMENT OF GENERAL ODIERNO

General ODIERNO. Thank you, Chairman Frelinghuysen and Ranking Member Visclosky, other distinguished members of the committee.

DEPLOYED FORCES

Despite declining resources, the demand for Army forces continues to increase. More than 70,000 soldiers are deployed today on contingency operations, and about 85,000 soldiers are forward-stationed in nearly 150 countries, including nearly 20,000 on the Korean Peninsula. Our soldiers, civilians, and family members continue to serve with the competence, commitment, and character that our great Nation deserves.

As we consider the future roles and missions of our Army, it is imperative we consider the world as it exists, not as one we wish it to be. The recent headlines alone—Russia's annexation of the Crimea, the intractable Syrian civil war, missile launches by North Korea, just to name a few—remind us of the complexity and uncertainty inherent in the international security environment. It demands that we make prudent decisions about the future capability and capacity that we need within our Army.

Therefore, we must ensure our Army has the ability to rapidly respond to conduct the entire range of military operations, from humanitarian assistance and stability operations to general war.

The 2014 Quadrennial Defense Review builds on the defense priorities outlined in the 2012 Defense Strategic Guidance. Last year, I testified that we can implement the defense guidance at moderate risk with an end strength of 490,000 in the Active Army, 350,000 in the National Guard, and 202,000 in the U.S. Army Reserve. I stand by that assessment. However, given that sequestration cuts

are the law of the land and remain in fiscal year 2016, we must take deliberate action now to prepare.

REDUCTION IN END-STRENGTH

Therefore, in order to attain the proper balance between end strength, readiness, and modernization by the end of sequestration, we will have no choice but to slash end-strength again beginning in fiscal year 2016. We will be required to further reduce the Active Army to 420,000, the National Guard to 315,000, and the U.S. Army Reserve to 185,000.

At these end-strength funding levels, we will not be able to execute the defense strategy, and, in my opinion, this will call into question our ability to execute even one prolonged, multiphase major contingency operation. I also have deep concerns that our Army at these end-strength levels will not have sufficient capacity to meet ongoing operational commitments and simultaneously train to sustained appropriate readiness levels.

The President's budget submission supports end-strength levels at 440,000 to 450,000 in the Active Army, 335,000 in the Army National Guard, and 195,000 in the U.S. Army Reserve. I believe this should be the absolute floor for end-strength reductions.

In order to execute the defense strategy, it is important to note that, as we continue to lose end strength, our flexibility deteriorates, as does our ability to react to strategic surprise. My experience tells me that our assumptions about the duration and size of future conflicts, ally contributions, and the need to conduct post-conflict stability operations are overly optimistic. And if these assumptions are wrong, our risk grows significantly, even at the 440,000 to 450,000 levels.

For the next 3 to 4 years, we are reducing end-strength as quickly as possible while still meeting our operational commitments. As we continue to draw down and restructure into a smaller force, the Army will continue to have degraded readiness and extensive modernization shortfalls.

This has required us to implement tiered readiness as a bridging strategy in the near term. Our acquisition funding, which has declined 39 percent since the fiscal year 2012 budget planning cycle, will continue to suffer.

At the end of fiscal year 2019, under sequestration, we will begin to establish the appropriate balance between end-strength, readiness, and modernization, but for an Army that is much smaller. From fiscal year 2020 to 2023, we begin to achieve our readiness goals and reinvest in our modernization programs. Under the President's budget, we achieve balance between end-strength, readiness, and modernization 3 to 5 years earlier, around fiscal year 2018, and at greater total force levels.

In order to meet the reduction imposed by sequestration, we have worked with the leadership across all our components on a total force policy that ensures the proper balance for all components. In developing our plan, we took the Secretary of Defense guidance to not retain structure at the expense of readiness. Additionally, the Secretary of the Army and I directed that cuts should come disproportionately from the Active Force before reducing the National Guard and U.S. Army Reserve.

Our total force policy was informed by the lessons learned during the last 13 years of war. We considered operational commitments, readiness levels, future requirements, and costs. The result is a plan that recognizes unique attributes, responsibilities, and the complementary nature of each component while ensuring our Guard and Reserves are maintained as an operational, and not strategic, reserve.

Ongoing reductions, coupled with sequestration-level cuts over the next 7 years, will result in a reduction of 150,000 soldiers and 687 aircraft and up to 46 percent of the brigade combat teams from the Active Army. The National Guard will reduce by 43,000 soldiers, 111 aircraft, and up to 22 percent of the brigade combat teams. And the U.S. Army Reserve will reduce by 20,000 soldiers.

These end-strength cuts to the Active Army will represent 70 percent of the total end-strength reductions, compared with 20 percent from the National Guard and 10 percent from the U.S. Army Reserve. This will result in the Guard and Reserves comprising 54 percent of the total Army end strength, while the Active Component will comprise 46 percent. The Army will be the only service in which the Reserve outnumbers the Active Component.

ARMY AVIATION RESTRUCTURE

Under sequestration, we cannot afford to maintain our current aviation structure and still sustain modernization while providing trained and ready aviation units across all three components. Therefore, we have developed an innovative concept to restructure our aviation fleet to address these issues. Overall, we believe this plan will generate a total savings of \$12.7 billion over the POM.

Of the 798 total aircraft reduced under this plan, 687 aircraft, or 86 percent, will come out of the Active Component, and 111 aircraft, or 14 percent, will come from the National Guard. This will also include the transfer of over 100 modernized UH-60s to the Guard.

As with end-strength, we have disproportionately taken cuts from the Active Component aviation. And, in fact, we will eliminate three full combat aviation brigades out of the Active Component, while the National Guard sustains all of its brigade structure.

This plan allows the Army to eliminate obsolete airframes, modernize the fleet, and sustain pilot proficiency across the total force. The result is an Active and Reserve aviation force mix with more capable and prepared formations that are able to respond to contingencies at home and abroad.

Let me be very clear: These are not cuts we want to take but we must take based upon sequestration. I believe our recommendation delivers the best total Army for the budget that we have been allocated.

The Secretary and I understand that the American people hold us to a higher standard of character and behavior. Combating sexual assault and harassment remains our top priority.

Over the past year, the Army has established more stringent screening criteria and background checks for those serving in positions of trust. Army commanders continue to prosecute the most serious sexual assault offenses at a rate more than double that of our

civilian jurisdictions, including many cases that civilian authorities refuse to pursue.

ETHICAL LEADERS

We appreciate the continued focus of Congress as we implement legislative reforms to enhance the rights of survivors and improve our military justice system. We continue to take this issue very seriously, and I also know much work remains to be done in this area.

We are also aggressively and comprehensively attacking the issue of ethical leadership, both individually, organizationally, and through systematic reviews. We have initiated 360-degree assessments on all officers, especially commanders. We have implemented a new officer evaluation report to strengthen accountability. For our general officers, we conduct peer surveys and developed a specific ethics focus as part of our Senior Leader Education Program, and we have also implemented 360-degree evaluations.

BASE REALIGNMENT AND CLOSURE

We also appreciate help with two issues impacting our ability to maintain the right balance for our Army.

First, the base realignment and closure process is a proven, fair, and cost-effective means to address excess installation capacity. With the reduction of over 200,000 soldiers from our Army and lower budgets, we need a BRAC to reduce unsustainable infrastructure.

PAY AND BENEFITS

Second, we are extremely grateful for the high-quality care and compensation provided to our soldiers. We have endorsed proposals that recognize their incredible service while allowing us to better balance future investments in readiness, modernization, and compensation.

We must keep in mind that it is not a matter of if but when we will deploy our Army to defend this great Nation. We have done it in every decade since World War II. It is incumbent on all of us to ensure our soldiers are highly trained, equipped, and organized. If we do not, they will bear the heavy burden of our miscalculations.

I am proud to wear this uniform and represent the soldiers of the Active Army, the Army National Guard, and the U.S. Army Reserve. Their sacrifices have been unprecedented over the last 13 years. We must provide them with the necessary resources for success in the future.

Thank you, Mr. Chairman, and thank you to the entire committee for allowing me to testify here today. And I look forward to your questions.

Mr. FRELINGHUYSEN. I thank you, General Odierno.

[The statements of Secretary McHugh and General Odierno follow.]

RECORD VERSION

STATEMENT BY

THE HONORABLE JOHN M. MCHUGH
SECRETARY OF THE ARMY

AND

GENERAL RAYMOND T. ODIERNO
CHIEF OF STAFF
UNITED STATES ARMY

BEFORE THE

HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE

SECOND SESSION, 113TH CONGRESS

ON THE POSTURE OF THE UNITED STATES ARMY

MARCH 27, 2014

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS

**STATEMENT BY
THE HONORABLE JOHN M. MCHUGH
SECRETARY OF THE ARMY
AND
GENERAL RAYMOND T. ODIERNO
CHIEF OF STAFF
UNITED STATES ARMY**

INTRODUCTION

America's Army remains heavily committed in operations overseas as well as at home in support of our Combatant Commanders. More than 66,000 U.S. Army Soldiers are deployed to contingency operations, with nearly 32,000 Soldiers supporting operations in Afghanistan. In addition, there are approximately 85,000 Soldiers forward stationed across the globe in nearly 150 countries worldwide. Every day, the Soldiers and Civilians of the Active Army, Army National Guard and Army Reserve inspire us with their competence, character and commitment to serving our Nation. A typical day for our Soldiers may include patrolling alongside our Afghan National Army partners, standing watch on the DMZ in Korea, manning missile batteries in Turkey and Guam, delivering humanitarian relief to the Philippines, conducting logistics training in Sierra Leone, securing facilities in South Sudan and responding to floods, wildfires and tornados across the United States.

The Army's Strategic Vision

The All-Volunteer Army will remain the most highly trained and professional land force in the world. It is uniquely organized with the capability and capacity to provide expeditionary, decisive land power to the Joint Force and ready to perform across the range of military operations to Prevent, Shape and Win in support of Combatant Commanders to defend the Nation and its interests at home and abroad, both today and against emerging threats.

Throughout our Nation's history, the United States has drawn down military forces at the close of every war. Today, however, we are in the process of rapidly drawing down Army forces before the war is over. At the same time, we continue to face an uncertain, complicated and rapidly changing international security environment, as stated in the 2014 Quadrennial Defense Review. In light of domestic fiscal challenges, the Army is committed to doing its part to restore fiscal discipline and contribute to our Nation's economic strength. In a time of budget stringency, the Army's greatest challenge is providing steadfast support to worldwide operational commitments to include Afghanistan while simultaneously drawing down, reorganizing and preparing the force for a wider array of security missions and threats in the future. We are committed to ensure the U.S. Army remains the most highly trained and professional land force in the world.

Together, we must ensure our Army is trained and ready to prevent conflict, shape and set theaters for our geographic Combatant Commanders, deter aggression, and if necessary, win decisively in a sustained major combat operation. However, over the last two years, the impact of the Budget Control Act (BCA) of 2011 has resulted in declining readiness throughout the Total Army (Active Army, Army National Guard and Army Reserve).

BUDGETARY REDUCTIONS AND STRATEGIC CHOICES

Over the past four years, the Army has absorbed several budget reductions in the midst of conducting operations overseas and rebalancing the force to the wider array of missions required by 2012 Defense Strategic Guidance. To comply with the funding caps specified in the BCA, the FY 13 Budget proposed \$487 billion in DOD funding reductions over 10 years, of which the Army's share was an estimated \$170 billion. In addition, sequestration was triggered in 2013, forcing an additional \$37 billion reduction in FY 13 and threatening a further total reduction in DOD funding of

approximately \$375 billion through FY 21, with the Army's portion estimated at \$95 billion. In FY 13, a combination of sequestration and overseas contingency operations funding shortfalls degraded Army readiness levels. It caused the Army to carry over a readiness shortfall of \$3.2 billion to FY 14.

The Army continues to face an uncertain fiscal environment in the years ahead. The Bipartisan Budget Act (BBA) of 2013 provides the Army modest, temporary relief from BCA defense spending caps in 2014. The predictability afforded by known budget levels is appreciated, and the BBA supports an FY 15 Army funding level of \$120.5 billion. However, the Army still faces budget cuts of \$7.7 billion in FY 14, and an additional \$12.7 billion in FY 15, when compared to the President's FY 14 Budget request. While we welcome the relief and predictability that the BBA provides, the Army will be forced to cut \$20.4 billion in planned funding, an abrupt reduction over a short two-year period of time. Beyond FY 15, fiscal uncertainty remains, including the potential resumption of the sequestration-level spending caps in FY 16.

During this period of uncertainty in the fiscal and strategic environment, our goal has been to maintain the proper balance between end strength, readiness and modernization across the Total Army. We are reducing end strength as rapidly as possible, while still meeting our operational commitments, in order to concentrate remaining funds on rebuilding readiness. However, to do this we must accept greater risk in our modernization programs. To rebuild and sustain a force capable of conducting the full range of operations on land, to include prompt and sustained land combat, it is essential that we take steps to prevent hollowness within the force. Therefore, consistent with the 2012 Defense Strategic Guidance, we are in the process of drawing down Active Army end strength from a wartime high of 570,000 to 490,000—a 14 percent cut—by the end of FY 15. The Army National Guard will reduce from 358,200 to 350,200 and the Army Reserve will remain relatively constant, decreasing from 205,000 to 202,000 Soldiers. In conjunction with these end strength reductions,

the Army decided to reorganize the current operational force of Active Army Infantry, Armored and Stryker Brigade Combat Teams (BCTs) from 38 to 32. This force structure reorganization will allow us to eliminate excess headquarters infrastructure while sustaining as much combat capability as possible.

The FY 15 Budget request provides a balanced and responsible way forward in the midst of ongoing fiscal uncertainty. It allows the Army to reduce and reorganize force structure, but incurs some risk to equipment modernization programs and readiness. Under the FY 15 Budget request, the Army will decrease end strength through FY 17 to a Total Army of 980,000 Soldiers—450,000 in the Active Army, 335,000 in the Army National Guard and 195,000 in the Army Reserve. This reduction will also adjust the force mix ratio between the active and reserve components. We will reverse the force mix ratio, going from a 51 percent active component and 49 percent reserve component mix in FY 12 to a 54 percent reserve component and 46 percent active component mix in FY 17. The Army will be able to execute the 2012 Defense Strategic Guidance at this size and component mix, but it will be at significant risk.

But with sequestration-level caps in FY 16 and beyond the Army will be required to further reduce Total Army end strength to 420,000 in the Active Army, 315,000 in the Army National Guard and 185,000 in the Army Reserve by the end of FY 19. This would end up being a total reduction of 213,000 Soldiers with 150,000 coming from the Active Army, 43,000 coming from the Army National Guard and 20,000 from the Army Reserve. This includes a 46 percent reduction in Active Army BCTs and a 21 percent reduction in Army National Guard BCTs. Sequestration-level spending caps would also require a 25 percent reduction to Army modernization accounts, with no program unaffected. Major weapon programs will be delayed, severely impacting the industrial base both in the near and long term. Most significantly, these projected end strength levels would not enable the Army to execute the 2012 Defense Strategic Guidance.

For the next 3 years, as we continue to draw down and restructure into a smaller force, the Army will continue to have degraded readiness and extensive modernization program reductions. Under the President's Budget, we will begin to regain balance between end strength, modernization and readiness beyond FY 17. Our goal would be to achieve balance by the end of FY 19 with 450,000 Soldiers in the Active Army, 335,000 in the Army National Guard and 195,000 in the Army Reserve.

Under sequestration-level spending caps, from FY 19 to FY 23 the Army will begin to establish the appropriate balance between readiness, modernization and end strength, albeit for a much smaller Army at 420,000 Soldiers in the Active Army, 315,000 in the Army National Guard and 185,000 in the Army Reserve. We will stabilize our end strength and force structure. From FY 20 to FY 23 we would begin achieving our readiness goals and reinvesting in modernization programs to upgrade our aging fleets. Our goal is to achieve balance by FY 23. The reduction in our institutional base will make reversibility significantly more difficult. Finally, the size of our Army at this level of funding will not allow us to execute the Defense Strategic Guidance and will put in doubt our ability to execute even one prolonged, multi-phased major contingency operation.

LEADER DEVELOPMENT

Developing adaptive Army leaders who possess the individual toughness, battlefield skill and fighting spirit that typify the American Soldier is one of our highest priorities. The unpredictable nature of human conflict requires leaders to not only lead in close combat but understand the operational and strategic environment, to include its socio-economic, cultural and religious underpinnings. Our leaders must demonstrate the competence, proficiency and professional values necessary to achieve operational and strategic mission success. We must continue to educate and develop Soldiers and Civilians to grow the intellectual capacity to understand the complex contemporary

security environment to better lead Army, Joint, Interagency and Multinational task forces and teams. Therefore, we will reinvest and transform our institutional educational programs for officers and noncommissioned officers in order to prepare for the complex future security environment.

We will continue to build leaders who exhibit the character, competence and commitment that are hallmarks of the Army Profession. We are aggressively and comprehensively reinforcing our core values and ethical leadership throughout all unit and institutional training, leader development programs and professional military education. We will also transition to a new officer evaluation system that strengthens accountability and emphasizes the evaluation of character attributes and competencies. We have completed a 360-degree assessment pilot for all battalion and brigade commanders, which will be fully institutionalized across the force in 2014. We will continue peer assessments for all general officers and will institute 360-degree assessments for all general officers upon promotion to each general officer rank.

Today, our leaders are the most competent and operationally experienced since World War II. We must build on this incredible experience to develop leaders who can operate in an ever-changing, complex strategic environment, understanding the implications of critical thinking, rapid communications and cyber warfare as it relates to combined arms maneuver, irregular warfare and counterinsurgency operations.

THE ARMY: GLOBALLY RESPONSIVE, REGIONALLY ENGAGED STRATEGIC LAND FORCES

There is no more unambiguous display of American resolve than the deployment of the American Soldier. As part of the Joint Force, the Army deters potential adversaries by presenting a credible element of national power: landpower that is decisively expeditionary and strategically adaptive. The Army possesses a lethal

combination of capability and agility that strengthens U.S. diplomacy and represents one of America's most credible deterrents against hostility. If necessary, a ready Army can defeat or destroy enemy forces, control land areas, protect critical assets and populations and prevent the enemy from gaining a position of operational or strategic advantage. Ultimately, potential adversaries must clearly perceive Army forces as being capable of appropriate and rapid response anywhere in the world and across the entire range of military operations, from stability operations to general war.

A ready and capable Total Army provides Joint and Combined forces with expeditionary and enduring landpower for the full range of military operations. Regionally aligned Army forces provide direct support to geographic and functional combatant commands. Army forces are tailorable and scalable, prepared to respond rapidly to any global contingency mission. The Army maintains a responsive force posture through an effective mix of Total Army capabilities and network of installations at home and abroad, to include Army prepositioned stocks. The Army National Guard and Army Reserve provide predictable, recurring and sustainable capabilities and strategic depth. Rapidly deployable Army forces, to include airborne forces, are able to respond to contingencies and conduct forcible entry operations anywhere in the world on short notice. Army prepositioned equipment across the globe also enables the rapid air deployment of Army combat and support forces.

Missions as a Member of the Joint Force

As an interoperable member of the Joint Force, the Army sets the theater for Combatant Commanders by providing unique capabilities en route to, and operating within, austere environments to support all plans and contingencies. These capabilities include special operations and ground forces, operational leadership and mobility, and critical enablers such as aviation, missile defense, intelligence, engineers, logistics, inland ground transportation infrastructure, medical and signal/communications.

The Army provides the Joint Force versatility across the full range of military operations, underpinning operational and strategic reach through the full length of a campaign, often in contested environments. Effective joint operations require Army ground combat forces and Army critical enablers. A significant portion of the Army's force structure is devoted to enabling the Joint Force as well as our Multinational and Interagency partners.

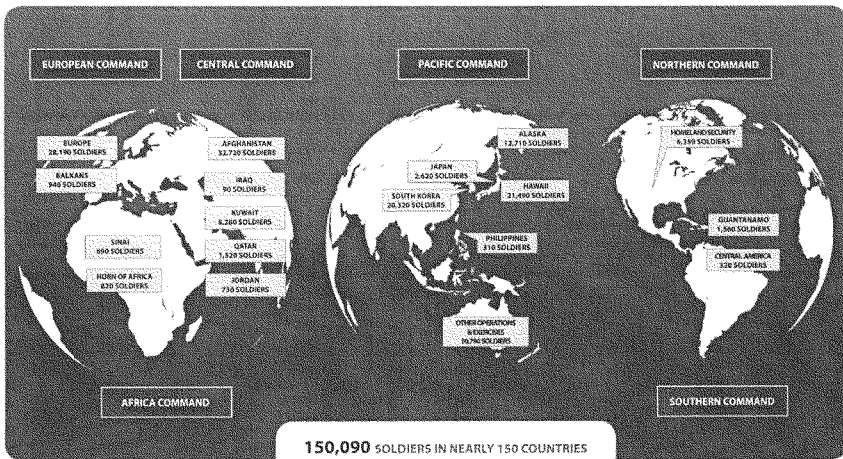
We provide a variety of Joint Task Force headquarters certified and trained to lead Joint Forces, plan operations and exercise mission command of units across the full range of military operations. We provide strategic, operational and tactical logistics, worldwide engineering support and intelligence capabilities, as well as space-based and terrestrial command and control networks that connect our own units, the Joint community, and Interagency and Multinational partners. The Army is also investing in emerging and evolving missions such as operations in cyberspace and countering weapons of mass destruction. For example, we continue to develop and field cyber mission forces that enable the success of our national mission force, combatant commands and Army land forces.

Regionally Aligned Forces

The Army is regionally aligning forces in support of the geographic and functional combatant commands. These forces provide deployable and scalable regionally-focused Army forces task organized for direct support of geographic and functional combatant commands and Joint requirements. Forward stationed Army forces in the Republic of Korea, Japan and Europe, along with Army units based in the United States are aligned with combatant commands. These forces shape and set theaters for regional commanders employing unique Total Army characteristics and capabilities to influence the security environment, build trust, develop relationships and gain access through rotational forces, multilateral exercises, military-to-military engagements, coalition training and other opportunities.

Army forces strengthen alliances and ensure collective capability while building capacity and serving common interests. In many regions of the world, Army military-to-military relationships have enabled the U.S. to remain a trusted and welcome partner over the years. The Army's Special Forces Groups provide extraordinary regional expertise and unique capabilities, as well as years of experience, to the combatant commands. The Army National Guard, through the State Partnership Program, maintains long-term partnerships worldwide.

SOLDIERS DEPLOYED AND FORWARD STATIONED



We are expanding regional alignment of the Total Army as the drawdown in Afghanistan continues and additional formations become available. The Army's first regionally aligned BCT—the 2nd Brigade, 1st Infantry Division stationed at Fort Riley, Kansas—began actively supporting U.S. Africa Command in March 2013 and has conducted over 70 missions, from crisis response to security cooperation, in more than 30 countries. 1st Infantry Division headquarters, building upon the initial success of its 2nd Brigade and aligned with U.S. Africa Command, is planning a Libyan General

Purpose Force training mission. The 48th Infantry BCT, Georgia Army National Guard, is aligned with U.S. Southern Command and has deployed teams to several Central and South American countries. The Fort Hood-based 1st BCT, 1st Cavalry Division, aligned with U.S. European Command, participated in multilateral exercises and training as the primary U.S. land force contribution to the NATO Response Force.

About 80,000 active and reserve component Soldiers are postured to support operations and engagements in the Asia-Pacific region. I Corps, stationed at Joint Base Lewis-McChord, Washington, and assigned to U.S. Pacific Command, provides deployable mission command capability for contingencies and enhances an already strong Army presence in the Asia-Pacific region. The Army maintains a Terminal High Altitude Area Defense battery deployed to Guam, defending our allies and supporting the Pacific theater's ballistic missile defense posture. During FY 13, U.S. Army Pacific conducted 28 large-scale exercises with 13 countries. Soldiers also conducted security cooperation engagements with 34 countries in the Asia-Pacific region.

During FY 13, a total of more than 109,000 Soldiers deployed in support of operations in Afghanistan. More than 4,300 Soldiers supported Operation Spartan Shield, our ongoing effort to maintain stability in the region and reassure our allies and partners in U.S. Central Command's area of responsibility. In addition, during FY 13 more than 2,200 Soldiers participated in seven exercises in the region. III Corps, stationed at Fort Hood, Texas, and 1st Armored Division headquarters, stationed at Fort Bliss, Texas, are both aligned with U.S. Central Command. In June 2013 the 1st Armored Division headquarters deployed to Jordan, providing mission command for several regional exercises and conducting training with allied and partner forces.

Missions at Home and Support of Civil Authorities

The Total Army defends the Homeland and supports civil authorities for a variety of complex missions. Soldiers from the active and reserve components are engaged in the Homeland on a daily basis, in capacities ranging from personnel serving as defense coordinating officers in support of the Federal Emergency Management Agency to U.S. Army North leading and coordinating Army missions in support of civil authorities. The Army stands ready to conduct a no-notice response in support of civil authorities, particularly for a complex catastrophe that may require the employment of a significant Army force. The Total Army also provides the preponderance of forces for the Department of Defense's Chemical, Biological, Radiological and Nuclear Response Enterprise. Army National Guard air and missile defense units protect our Nation's Capital and provide manning for Ground-based Midcourse Defense systems deployed in Alaska and Colorado that will deter and defeat missile attacks on our Nation. Soldiers support Federal drug enforcement efforts along our Nation's southern border every day.

Over the past year, the Army responded to natural disasters in the United States with sustained, life-saving support. The Army National Guard conducted firefighting operations in several Western States. In September 2013, active and reserve component Soldiers provided rapid assistance when severe storms caused devastating floods and landslides in northern Colorado. A team of about 700 Soldiers from the Colorado and Wyoming Army National Guard, as well as the Active Army's 4th Infantry Division stationed at Fort Carson, Colorado, evacuated more than 3,000 displaced residents. Soldiers and Civilians from the U.S. Army Corps of Engineers also supported operations in Colorado, and continue to support ongoing national efforts to restore critical infrastructure following Hurricane Sandy.

ENSURING A READY ARMY

A trained and ready Army must be able to rapidly deploy, fight, sustain itself and win against complex state and non-state threats in austere environments and rugged terrain. Readiness is measured at both the service and unit levels. Service readiness incorporates installations and the critical ability of the Army to provide the required capacities (units) with the requisite capabilities (readiness) to execute the roles and missions required by combatant commands. Unit readiness is the combination of personnel, materiel and supplies, equipment and training that, when properly balanced, enables immediate and effective application of military power.

Training

Training across the Total Army serves two main purposes: preparing units to support combatant commands worldwide and developing leaders who can adapt to the complex security environment. To meet demands across the full range of military operations, the Army will shift the focus of training on rebuilding war fighting core competencies. We are reinvigorating our Combat Training Centers (CTCs), to challenge and certify Army formations in a comprehensive and realistic decisive action training environment that features regular, irregular and insurgent enemy forces. Tough, realistic multi-echelon home station training using a mix of live, virtual and constructive methods efficiently and effectively builds Soldier, leader and unit competency over time.

From 2004 to 2011, all CTC rotations were focused on building readiness for assigned missions in a counterinsurgency environment. This shift impacted 5,500 company commanders, 2,700 field grade officers and 1,000 battalion commanders. Recognizing this atrophy in readiness for the full range of military operations, the Army returned to conducting decisive action CTC rotations in 2011, with a plan to cycle nearly all Active Army BCTs by the end of FY 15 along with the requisite amount of available

Army National Guard BCTs. However, due to sequestration, the Army canceled seven CTC rotations in 2013 and significantly reduced home station training, negatively impacting the training, readiness and leader development of more than two divisions' worth of Soldiers. Those lost opportunities only added to the gap created from 2004 to 2011, creating a backlog of professional development and experience.

The BBA allows us to remedy only a fraction of that lost capability. Even with increased funding, in FY 14 the Army will not be able to train a sufficient number of BCTs to meet our strategic requirements. Seventeen BCTs were originally scheduled to conduct a CTC rotation during FY 14. BBA-level funding enables the addition of another two BCT rotations, for a total of 19 for the fiscal year. However, due to the timing of the additional funding, some BCTs were still unable to conduct a full training progression before executing a CTC rotation. Without the benefit of sufficient home station training, BCTs begin the CTC rotation at a lower level of proficiency. As a result, the CTC rotation does not produce the maximum BCT capability, in terms of unit readiness. For BCTs that do not conduct a CTC rotation, we are using available resources to potentially train these formations up to only battalion-level proficiency.

The Army can currently provide only a limited number of available and ready BCTs trained for decisive action proficiency, which will steadily increase through FY 14 and the beginning of FY 15. But with potential sequestration in FY 16, readiness will quickly erode across the force. We must have predictable, long-term, sustained funding to ensure the necessary readiness to execute our operational requirements and the Defense Strategic Guidance.

Fiscal shortfalls have caused the Army to implement tiered readiness as a bridging strategy until more resources become available. Under this strategy, only 20 percent of operational forces will conduct collective training to a level required to meet

our strategic requirements, with 80 percent of the force remaining at a lower readiness level. Forward stationed forces in the Republic of Korea will remain ready, as will those dedicated as part of the Global Response Force. Forces deployed to Afghanistan are fully trained for their security assistance mission but not for other contingencies. The Army is also concentrating resources on a contingency force of select Infantry, Armored and Stryker BCTs, an aviation task force and required enabling forces to meet potential unforeseen small scale operational requirements. Unless Army National Guard and Army Reserve units are preparing for deployment, the Army will only fund these formations to achieve readiness at the squad, team and crew level.

Force Structure

We have undertaken a comprehensive reorganization of Army units to better align force structure with limited resources and increase unit capability. Unit reorganizations are necessary to begin balancing force structure, readiness and modernization. However, when combined with reduced funding and operational demand, the pace of force structure changes will reduce our ability to build readiness across the force during FY 14 and FY 15.

Reorganization of the current operational force of Active Army Infantry, Armored and Stryker BCTs from 38 to 32 reduces tooth to tail ratio and increases the operational capability of the remaining BCTs. All Active Army and Army National Guard BCTs will gain additional engineer and fires capability, capitalizing on the inherent strength in combined arms formations. Initially, 47 BCTs (29 Active Army and 18 Army National Guard) will be organized with a third maneuver battalion. The remaining 13 BCTs (3 Active Army and 10 Army National Guard) will be reevaluated for possible resourcing of a third maneuver battalion in the future.

Following a comprehensive review of our aviation strategy, the Army has determined that it must restructure aviation formations to achieve a leaner, more efficient and capable force that balances operational capability and flexibility across the Total Army. We will eliminate older, less capable aircraft, such as the OH-58 A/C Kiowa, the OH-58D Kiowa Warrior and the entire fleet of TH-67 JetRangers, the current trainer. The Army National Guard will transfer low-density, high-demand AH-64 Apache helicopters to the Active Army, where they will be teamed with unmanned systems for the armed reconnaissance role as well as their traditional attack role. The Active Army in turn will transfer over 100 UH-60 Blackhawk helicopters to the Army National Guard. These aircraft will significantly improve capabilities to support combat missions and increase support to civil authorities, such as disaster response, while sustaining security and support capabilities to civil authorities in the states and territories.

The Army will also transfer nearly all Active Army LUH-72 Lakota helicopters to the United States Army Aviation Center of Excellence at Fort Rucker, Alabama, and procure an additional 100 LUH-72 Lakotas to round out the training fleet. These airframes will replace the TH-67 JetRanger helicopter fleet as the next generation glass cockpit, dual engine training helicopter. At current funding levels, this approach will enable the Army National Guard to retain all of its LUH-72 aircraft for general support requirements as well as ongoing border security operations. The Aviation Restructure Initiative allows us to sustain a modernized fleet across all components and reduces sustainment costs. Eighty-six percent of the total reduction of aircraft (687 of 798) will come out of the active component. The Active Army's overall helicopter fleet will decline by about 23 percent, and the Army National Guard's fleet of helicopters will decline by approximately eight percent, or just over 100 airframes. The resulting active and reserve component aviation force mix will result in better and more capable formations which are able to respond to contingencies at home and abroad.

SOLDIERS, CIVILIANS AND OUR FAMILIES: THE PREMIER ALL-VOLUNTEER ARMY

Trust is the foundation of military service. An individual's choice to serve, whether enlisting or reenlisting, depends on a strong bond of trust between the volunteer, the Army and the Nation. Soldiers need to know that the Nation values their service and will provide them with the training, equipment and leadership necessary to accomplish their mission. They also want to know that their Families will enjoy a quality of life that is commensurate with their service and sacrifice. For that reason, one of our top priorities as we make the transition from war and drawdown the Army—regardless of fiscal challenges—must be the welfare, training and material resources we put toward maintaining the trust of our Soldiers, Civilians and their Families.

Ready and Resilient Campaign

Perhaps nothing exemplifies the idea of trust more than President Abraham Lincoln's second inaugural address when he called upon the Nation to care for those who have borne the burdens of battle and their Families. The effects of deploying are sometimes severe and lifelong. As a result, the continued care and treatment of Soldiers and their Families is a lasting priority. Yet even as we work to recover and rehabilitate those most severely affected by two wars, we know that an ever increasing portion of our Army has not faced warfare. Understandably, they have new and different challenges. In both cases, Army readiness is directly linked to the ability of our force to deal with personal, professional and unforeseen health concerns, such as mental and physical challenges. We must also begin to view health as more than simply health care, and transition the Army to an entire system for health that emphasizes the performance triad—sleep, activity and nutrition—as the foundation of a ready and resilient force.

The Ready and Resilient Campaign, launched in March 2013, serves as the focal point for all Soldier, Civilian, and Family programs and promotes an enduring, holistic

and healthy approach to improving readiness and resilience in units and individuals. The campaign seeks to influence a cultural change in the Army by directly linking personal resilience to readiness and emphasizing the personal and collective responsibility to build and maintain resilience at all levels. The campaign leverages and expands existing programs, synchronizing efforts to eliminate or reduce harmful and unhealthy behaviors such as suicide, sexual harassment and assault, bullying and hazing, substance abuse and domestic violence. Perhaps most importantly, the campaign promotes positive, healthy behaviors while working to eliminate the stigma associated with asking for help.

Sexual Harassment / Assault Response and Prevention (SHARP) Program

The Army is an organization built on and bound by values. Sexual harassment and assault in all its forms is abhorrent to every one of those values. Simply put, sexual assault is a crime that will not be tolerated. The overwhelming majority of Soldiers and Civilians serve honorably and capably, but we must recognize that the ill-disciplined few jeopardize the safety of all our people as well as the trust and confidence the American people have in their Army.

Army actions to combat sexual assault and harassment are driven by five imperatives. First, we must prevent offenders from committing crimes, provide compassionate care for victims and protect the rights and privacy of survivors. Second, we must ensure that every allegation is reported, it is thoroughly and professionally investigated, and we must take appropriate action based on the investigation. Third, we shall create a positive climate and an environment of trust and respect in which every person can thrive and achieve their full potential, and continually assess the command climate. Fourth, we will hold every individual, every unit and organization and every commander appropriately accountable for their behavior, actions and inactions. Finally, the chain of command must remain fully engaged—they are centrally responsible and

accountable for solving the problems of sexual assault and sexual harassment within our ranks and for restoring the trust of our Soldiers, Civilians and Families.

Our goal is to reduce and ultimately eliminate this crime from our ranks. To underscore the importance of the chain of command's role in preventing sexual assault, the Army now includes command climate and SHARP goals and objectives in all officer and non-commissioned officer evaluations and unit command climate surveys. Accountability is reinforced by training and education on the appropriate behaviors, actions and reporting methods. The Army has integrated SHARP training into every professional development school, making sure it is tailored to roles and responsibilities appropriate to each course's population.

We are making progress, particularly on reporting and investigating these incidents. Over the past year the Army expanded the Special Victim Capability Program to include 23 special victim prosecutors, 22 sexual assault investigators and 28 special victim paralegals at 19 installations worldwide. These professionals are trained in the unique aspects of investigating and prosecuting sexual assault cases. We have also trained 81 active and 24 reserve component judge advocates through our Special Victim Counsel Program, which was established in September 2013. As of December 2013, 241 victims had received over 1,443 hours of legal services from these specially-trained counsel, including appearances at Article 32 hearings and courts-martial.

Army commanders, advised by judge advocates, continue to take the most challenging cases to trial, including cases that civilian authorities have declined to prosecute. For cases in which the Army had jurisdiction over the offender and a final disposition was made, commanders prosecuted rape and sexual assault at a rate more than double the estimated average prosecution rates in civilian jurisdictions. The Army also provides sexual assault patients with expert, emergency treatment for their

immediate and long-term needs. Regardless of evidence of physical injury, all patients presenting to an Army medical treatment facility with an allegation of sexual assault receive comprehensive and compassionate medical and behavioral health care.

Sexual assault is antithetical to competent command, and it is important that commanders retain their authority over the disposition of sexual assault cases. Removal of that authority would make it harder to respond to the needs of Soldiers within the command, especially the victims. Many of the Army's most difficult problems—such as integration—were solved by making commanders more accountable, not less. Therefore the Army opposes legislative efforts to remove commanders from the disposition process.

Suicide Prevention

The Army Suicide Prevention Program, part of the Ready and Resilient Campaign, has significantly enhanced our understanding of one of our greatest challenges: the loss of Soldiers to suicide. The Army has expanded and increased access to behavioral health services and programs that develop positive life-coping skills. A comprehensive education and training program is helping Soldiers, Civilians and Family members improve their ability to cope with stress, relationships, separations, deployments, financial pressures and work-related issues. The goal is to increase resiliency and, just as important, access to support. Our Suicide Reduction Working Group provides a forum for stakeholders to collaborate on initiatives that mitigate high-risk behaviors. The Army continues to revise and create policy to promote and increase awareness of prevention and intervention skills, services and resources. We have seen an aggregate drop in suicides, and while not a declaration of success, it is a leading indicator that our resiliency efforts are starting to take hold across the force.

Role of Women in the Army

Women continue to play an important role in making our Army the best in the world. We are validating occupational standards for integrating women into all career fields. By reinforcing universal standards for each Soldier—regardless of gender—in a deliberate, measured and responsible manner we increase unit readiness, cohesion and morale while allowing for qualification based on performance, not gender, across our profession.

Army Training and Doctrine Command is leading our effort with the Soldier 2020 initiative, which seeks to ensure we select the best Soldiers for each military occupational specialty, regardless of gender. It is a standards-based, holistic and deliberate approach that uses scientific research to clearly define physical accessions standards based on mission requirements for each Army occupation. Simultaneously, we are conducting an extensive study to identify the institutional and cultural factors affecting gender integration, to develop strategies for the assimilation of women into previously restricted units. An important part of that process will be to ensure we have a qualified cadre of female leaders, both officers and noncommissioned officers, in place prior to the introduction of junior female Soldiers to serve as role models and provide mentorship during this transition.

During the last year the Army opened approximately 6,000 positions in 26 BCTs, select aviation specialties in special operations aviation and approximately 3,600 field artillery officer positions. The Army anticipates opening an additional 33,000 previously closed positions during FY 14.

Recruitment and Retention

The Army is defined by the quality of the Soldiers it recruits and retains. We are only as good as our people, and recruiting standards and reenlistment thresholds

remain high. During FY 13, 98 percent of the Army's recruits were high school graduates, exceeding our goal of 90 percent. We are also on track to achieve retention rates consistent with the past 3 years. The need to recruit and retain high-quality Soldiers will only grow in importance as we continue to draw down our forces.

Unfortunately, natural attrition alone will not achieve the Army's reduced end strength requirements. Inevitably, the Army will not be able to retain good Soldiers on active duty who have served their Nation honorably. The Army must responsibly balance force shaping across accessions, retention, and promotions, as well as voluntary and involuntary separations. During FY 13, the Army reduced accessions to the minimum level needed to sustain our force structure, achieve end strength reductions and reestablish highly competitive but predictable promotion opportunity rates. The Army also conducted Selective Early Retirement Boards for lieutenant colonels and colonels and, likewise, a Qualitative Service Program for staff sergeants through command sergeants major, all aimed at achieving 490,000 Active Army end strength by the end of FY 15. During FY 14 the Army will conduct Officer Separation Boards and Enhanced Selective Early Retirement Boards for qualified majors and captains. We remain committed to assisting Soldiers and their Families as they depart Active Army formations and transition to civilian life, and we encourage continued service in the Army National Guard or Army Reserve.

Role of the Army Civilian

As the Army evolves so too must its civilian workforce, which will also draw down concurrent with reductions to military end strength. Army Civilians will reduce from a wartime high of 285,000 to 263,000 by the end of FY 15. As the civilian workforce is downsized, we will do it smartly, focusing on preserving the most important capabilities. This requires a broader strategy that links functions, funding and manpower to produce the desired civilian workforce of the future—one that fully supports the generation of trained and ready combat units. The Army will manage the civilian workforce based on

workload and funding available. We will use all available workforce shaping tools such as Voluntary Early Retirement Authority and Voluntary Separation Incentive Pay to reduce turbulence in our civilian workforce. We will target the skills we need to retain, and voluntarily separate those with skills no longer needed. If we cannot achieve our Army Civilian reduction goals by voluntary means, we will use Reduction in Force as a last resort.

The possibility of future reductions only adds to the burdens we've placed on Army Civilians in recent years. Last year, the Army furloughed more than 204,000 civilian employees, forcing them to take a 20 percent reduction in pay for six weeks during the fourth quarter of FY 13. Furloughs came on the heels of three years of frozen pay and performance-based bonuses. The tremendous impact on the morale of our civilian workforce cannot be understated, and some of our highest quality civilian personnel have sought employment in the private sector.

We rely heavily on our Army Civilians, and they have remained dedicated and patient during the last few years of uncertainty and hardship. Like their uniformed counterparts, Army Civilians are required to demonstrate competence, technical proficiency and professional values to achieve mission and individual success. Over the past three years the Army has implemented a number of changes to improve training, educational and experiential opportunities for the civilian workforce. Focused leader development, improvements to the Civilian Education System and continued maturity of the Senior Enterprise Talent Management Program are all designed to build a more professional and competency-based civilian workforce.

The Army is also streamlining its contractor workforce by reducing contract spending at least to the same degree as, if not more than, reductions to the civilian workforce; contractor reductions are approximately \$1.5 billion in FY 15. The use of

contracted services will continue to be reviewed to ensure the most appropriate, cost effective and efficient support is aligned to the mission. As the Army continues its workforce shaping efforts, contracted manpower will be appropriately managed based on functional priorities and available funding to ensure compliance with law.

Compensation Reform

We are extremely grateful for the high quality care and compensation our Nation has provided to our Soldiers over the last decade. Military manpower costs remain at historic highs. We must develop adjustments to military compensation packages that reduce future costs, recognize and reward our Soldiers and their Families for their commitment and sacrifice, while ensuring our ability to recruit and retain a high quality All-Volunteer Army. While we recognize the growing costs of manpower, we must also approach reform from the perspective that compensation is a significant factor in maintaining the quality of the All-Volunteer Army, and always has been.

After 13 years of war, the manner in which we treat our Soldiers and Families will set the conditions for our ability to recruit in the future. That said, if we do not slow the rate of growth of Soldier compensation, it will consume a higher, disproportionate percentage of the Army's budget and without compensation reform we will be forced to reduce investments in readiness and modernization. The Army supports a holistic and comprehensive approach that reforms military compensation in a fair, responsible and sustainable way. Changes to military compensation included in the FY 15 Budget request—which include slowing the growth of housing allowances, reducing the annual direct subsidy provided to military commissaries and simplifying and modernizing our TRICARE health insurance program—are important first steps that generate savings while retaining competitive benefits. These savings will be invested in readiness and modernization.

EQUIPMENT MODERNIZATION, BUSINESS PROCESS IMPROVEMENT AND SUSTAINMENT

The Army makes prudent choices to provide the best possible force for the Nation with the resources available, prioritizing Soldier-centered modernization and procurement of proven and select emerging technologies. The institutional Army manages programs that sustain and modernize Army equipment, enabling the operational Army to provide responsive and ready land forces. We will continue to improve the efficiency and effectiveness of our business processes to provide readiness at best value.

Focus Area Review

Army senior leaders conducted reviews to consolidate and reorganize organizations, programs and functions across several focus areas—readiness, institutional and operational headquarters reductions, operational force structure, installations services and investments, the acquisition workforce and Army cyber and command, control, communications and intelligence. As a result of this effort, the Army will achieve greater efficiency across our core institutional processes, consolidate functions within the acquisition workforce and reduce headquarters overhead by up to 25 percent.

Equipment Modernization

Modernization enables the Army to meet requirements with a smaller, fully capable and versatile force that is equipped to defeat any enemy and maintain dominance on land. BCA-driven budget reductions have placed Army equipment modernization at risk through program terminations, procurement delays and program restructures. Research, development and acquisition funding has declined 39 percent since the FY 12 budget planning cycle and the long-term effect will be additional stress on current vehicle fleets, reduced replacement of war-worn equipment, increased

challenges sustaining the industrial base and limited investment in the modernization of only the most critical capabilities.

The Army's equipment modernization strategy focuses on effectively using constrained resources for near-term requirements and tailoring our long-term investments to provide the right capabilities for Soldiers in the future. This approach calls for carefully planned investment strategies across all Army equipment portfolios, which will involve a mix of limiting the development of new capabilities, incrementally upgrading existing platforms and investing in key technologies to support future modernization efforts. The strategy captures the Army's key operational priorities: enhancing the Soldier for broad joint mission support by empowering and enabling squads with improved lethality, protection and situational awareness; enabling mission command by facilitating command and control, and decision making, with networked real-time data and connectivity with the Joint Force; and remaining prepared for decisive action by increasing lethality and mobility, while optimizing the survivability of our vehicle fleets.

Army Equipping Strategy

Investment focused on:

- Deploying and redeploying units,
- Managing equipment retrograde,
- Reorganizing BCTs,
- Supporting rebalance to the Asia-Pacific region,
- Resetting our equipment,
- Redistributing equipment to raise readiness across all Army components,
- Repositioning forces,
- Aligning wartime equipment with the Army's current needs,
- Divesting equipment we no longer need, and
- Remaining prepared for homeland defense priorities.

In the short-term, the Army remains focused on several efforts. We are reducing procurement to match force structure reductions. We will continue to apply business efficiencies such as multiyear contracts, planning for should-cost and implementation of Better Buying Power, to facilitate smarter investing. We will tailor capabilities in development to meet requirements under affordability constraints. We will not transition

four programs to the acquisition phase, to include the Ground Combat Vehicle and the Armed Aerial Scout. Additionally, we will end four programs, restructure 30 programs and delay 50 programs. Lastly, the divestiture of materiel and equipment, where appropriate, will reduce maintenance and sustainment costs and support the maximization of resources. Over the long-term, investing in the right science and technology and applying affordable upgrades to existing systems will allow us to keep pace with technological change and improve capabilities.

Ground Vehicles

A new Infantry Fighting Vehicle (IFV) remains a key requirement for the Army. However, due to significant fiscal constraints, the Army has determined that the Ground Combat Vehicle program will conclude upon completion of the Technology Development phase, expected in June 2014, and will not continue further development. In the near-term, the Army will focus on refining concepts, requirements and key technologies in support of a future IFV modernization program. This will include investment in vehicle components, sub-system prototypes and technology demonstrators to inform IFV requirements and future strategies for developing a Bradley Infantry Fighting Vehicle replacement. Over the long-term, the Army anticipates initiating a new IFV modernization program informed by these efforts as resources become available.

The Army is also committed to developing and fielding the Armored Multi-Purpose Vehicle to replace our obsolete M113 family of vehicles and augmenting our wheeled vehicle fleet with the Joint Light Tactical family of vehicles. In addition, the Army will continue to fund a third brigade's set of Double V-Hull (DVH) Stryker vehicles, while supporting an incremental upgrade to DVH Strykers for power and mobility improvements.

Army Aviation

The Army will divest legacy systems and fund the modernization and sustainment of our most capable and survivable combat-proven aircraft: the AH-64 Apache, UH-60 Blackhawk and CH-47 Chinook helicopters. We will divest almost 900 legacy helicopters including the entire single engine OH-58D Kiowa Warrior and TH-67 helicopter training fleets. The Army will also modernize our training fleet with LUH-72 Lakota helicopters.

The Network

The equipment modernization strategy seeks to provide the Soldier and squad with the best weapons, equipment, sustainment and protection with the support of the network. LandWarNet is the Army's globally interconnected network that is "always on and always available," even in the most remote areas of the globe. LandWarNet enables mission command by carrying the data, voice and video every Soldier and leader needs to act decisively and effectively. It supports all Army operations, from administrative activities in garrison to operations conducted by our forward stationed and deployed Soldiers. Additionally, it forms the basis of our live, virtual and constructive training.

Equipment Reset and Retrograde

Retrograde is the return of equipment to facilities for reset and to support future force structure and operations. By December 2014, the Army plans to retrograde approximately \$10.2 billion of the \$15.5 billion worth of Army equipment currently in Afghanistan. The balance of the equipment will be used by our forces, transferred to the Afghans or to another troop contributing nation, or disposed of properly in theater, which will provide a cost avoidance of more than \$844 million in transportation, storage and security costs. The total cost of moving the equipment out of Afghanistan is estimated at roughly \$1-3 billion. The cost range is due to the unpredictable nature of

our ground routes through Pakistan and other Central Asian countries that may require a shift to more expensive multimodal or direct air cargo movement.

Once the equipment returns to the United States, our reset program restores it to a desired level of combat capability commensurate with a unit's future mission. A fully funded Army reset program is critical to ensuring that equipment worn and damaged by prolonged conflict in harsh environments is recovered and restored for future Army requirements. During FY 13, the Army reset approximately 87,000 pieces of equipment at the depot level and about 300,000 pieces of equipment, such as small arms; night vision devices; and nuclear, biological and chemical equipment, at the unit level. As a result of sequestration, we deferred approximately \$729 million of equipment reset during FY 13, postponing the repair of nearly 700 vehicles, 28 aircraft, 2,000 weapons and Army prepositioned stocks. The projected cost of the reset program is \$9.6 billion (not including transportation costs), which extends for three years after the last piece of equipment has returned. Resources available under planned spending caps are not sufficient to fully reset returning equipment from Afghanistan in a timely and efficient manner.

Organic and Commercial Industrial Base

The Army's industrial base consists of commercial and Government-owned organic industrial capability and capacity that must be readily available to manufacture and repair items during both peacetime and national emergencies. The Army must maintain the critical maintenance and manufacturing capacities needed to meet future war-time

surge requirements, as well as industrial skills that ensure ready, effective and timely materiel repair. We are sizing the organic industrial workforce to meet and sustain core

Organic Industrial Base

During Operations Iraqi Freedom and Enduring Freedom, the organic industrial base surged capacity and in some cases tripled their prewar output. The organic industrial base consists of:

- Five maintenance depots,
- Three manufacturing arsenals and
- Eleven ammunition plants.

depot maintenance requirements and critical arsenal manufacturing competencies. We will also continue to work with our industrial partners to address energy, water and resource vulnerabilities within our supply chain.

Both the commercial and organic elements of the industrial base are essential to the efficient development, deployment and sustainment of Army equipment. Over the past decade, the Army relied on market forces to create, shape and sustain the manufacturing and technological capabilities of the commercial industrial base. However, reduced funding levels due to sequestration accelerated the transition from wartime production levels to those needed to support peacetime operations and training. During FY 13, the Army lost more than 4,000 employees from the organic industrial base and will continue to lose highly skilled depot and arsenal workers to other industries due to fiscal uncertainty. Hiring and overtime restrictions, in addition to furloughs, affected productivity and increased depot carryover, not to mention the detrimental effect on worker morale.

Installations

In FY 13, the Army deferred critical upkeep on thousands of buildings across Army installations due to a reduction of \$909 million in sustainment, restoration and maintenance funding. End strength reductions have reduced some associated sustainment costs, but key facility shortfalls remain that will continue to impact Army readiness. Increased funding in FY 14 enables investment in facility readiness for critical infrastructure repair as well as high priority restoration and modernization projects. The FY 15 Budget reflects our measured facility investment strategy that focuses on restoration, modernization and limited new construction.

The capacity of our installations must also match the Army's decreasing force structure. At an Active Army end strength of 490,000 Soldiers, which we will reach by

the end of FY 15, we estimate that the Army will have about 18 percent excess capacity. We need the right tools to reduce excess installations capacity, or millions of dollars will be wasted maintaining underutilized buildings and infrastructure. Failure to reduce excess capacity is tantamount to an "empty space tax" diverting hundreds of millions of dollars per year away from critical training and readiness requirements. Trying to spread a smaller budget over the same number of installations and facilities will inevitably result in rapid decline in the condition of Army facilities.

The Base Realignment and Closure (BRAC) process is a proven, fair and cost-effective means to address excess capacity in the United States. BRAC has produced net savings in every prior round. On a net \$13 billion investment, the 2005 BRAC round is producing a net stream of savings of \$1 billion a year. We look forward to working with Congress to determine the criteria for a BRAC 2017 round.

Energy and Sustainability

We are establishing an energy informed culture as a key component of Army readiness. Through a synchronized campaign of performance initiatives, business process changes and education and training opportunities, the Army seeks to achieve a lasting capability to use energy to the greatest benefit. The campaign includes efforts focused on both the energy required for military operations (operational energy) and the energy required by our power-projection installations around the world.

In a tighter budget environment, the Army must manage its installations in a sustainable and cost-effective manner, preserving resources for the operational Army to maintain readiness and capability across the range of military operations. We will leverage institutional energy savings to generate more resources that we can use to train, move and sustain operational forces and enhance Army mobility and freedom of action. To take advantage of private sector efficiencies, Army installations are

privatizing utilities and entering into public-private energy-saving performance contracts. By partnering with experienced local providers, the Army has privatized 144 utilities systems, avoiding about \$2 billion in future utility upgrade costs while saving approximately 6.6 trillion British thermal units a year. The Army is also exploring opportunities to expand public-public partnerships.

Operational energy improvements to contingency bases, surface and air platforms and Soldier systems will increase overall combat effectiveness. Improved efficiencies in energy, water and waste at contingency bases reduce the challenges, risks and costs associated with the sustainment of dispersed bases. Next generation vehicle propulsion, power generation and energy storage systems can increase the performance and capability of surface and air platforms and help the Army achieve its energy and mobility goals. Advances in lightweight flexible solar panels and rechargeable batteries enhance combat capabilities, lighten the Soldier's load and yield substantial cost benefits over time. Emergent operational energy capabilities will enable Army forces to meet future requirements and garner efficiencies in a fiscally constrained environment.

Business Transformation

The Army continues to transform its business operations to be smarter, faster and cheaper. We are working to reduce business portfolio costs by almost 10 percent annually as we capitalize on the progress made with our Enterprise Resource Planning systems. Our business process reengineering and continuous process improvement efforts continue to confer significant financial and operational benefits. Through our focus area review we will reduce headquarters overhead, consolidate and streamline contracting operations and improve space allocation on Army installations. We are reengineering core processes in acquisition, logistics, human resources, financial management, training and installations to improve effectiveness and reduce costs. Over the long-term, the Army will improve its strategic planning, performance

assessment and financial auditability so that commanders can make better-informed decisions on the utilization of resources to improve readiness.

CLOSING

Throughout our history, we have drawn down our armed forces at the close of every war. However, we are currently reducing Army end strength from our wartime high before the longest war in our Nation's history has ended, and in an uncertain international security environment. Our challenge is to reshape into a smaller, yet capable, force in the midst of sustained operational demand for Army forces and reduced budgets. The resulting decline in readiness has placed at risk our ability to fully meet combatant commander requirements. Our ability to provide trained and ready Army forces will improve as we begin to balance readiness, end strength and modernization. However, if sequestration-level spending caps resume in FY 16, we will be forced to reduce end strength to levels that will not enable the Army to meet our Nation's strategic requirements.

We have learned from previous drawdowns that the cost of an unprepared force will always fall on the shoulders of those who are asked to deploy and respond to the next crisis. The Nation faces uncertainty and, in the face of such uncertainty, needs a strong Army that is trained, equipped and ready. No one can predict where the next contingency will arise that calls for the use of Army forces. Despite our best efforts, there remains a high likelihood that the United States will once again find itself at war sometime during the next two decades. It is our job to be prepared for it.

Mr. FRELINGHUYSEN. I am pleased to yield my time for the first line of questioning to Mr. Womack, who, as you are aware, has had a distinguished career as a member of the—I think a 30-year career as a member of the Arkansas National Guard.

Mr. Womack, the time is yours.

REMARKS OF MR. WOMACK

Mr. WOMACK. Thank you, Mr. Chairman.

And let me just say at the outset how much I admire the work of the Secretary and the Chief here for the terrific job that they have ahead of them, the challenges they face, and the tremendous demands that we are putting on these gentlemen and the men and women that they represent.

And I will just say this at the outset, that we owe you certainty. We owe the country certainty. And we have fallen short in that area, and I am hopeful that we can give you the certainty that you need.

Mr. Chairman, I am a product of a tremendous, what I call, AC/RC relationship down through the years. I have been a participant in and the beneficiary of that AC/RC relationship, and it is something that I take a great deal of pride in. And I know I speak a lot on behalf of Guard issues, because that is a lot of my background.

AVIATION RESTRUCTURE INITIATIVE

And, General Odierno, you know that I have some deep concerns in the area of attack aviation and the proposed exchange, if you will, in the Blackhawk and Apache arena.

I cannot argue a lot of the logic about the utility of the Blackhawk and its ability to better serve Governors and adjutants general for some of their statewide missions. And so I applaud you for giving consideration to those missions.

My concern, however, is taking the attack aviation piece completely out of the National Guard. And it creates a bit of a contentious debate between the AC and the RC components, but I just think it is flawed from a sense that we have taken some of our strategic depth out of the Reserve Component that we believe is a very important component of our ability to prosecute missions around the world.

And so I need you to help me understand why we would make such a drastic exchange of that type.

General ODIERNO. Thank you, Congressman.

First off, it is about the budget. The issue is we can no longer afford to sustain the amount of aircraft we have, so we have to eliminate obsolete aircraft. And that is centered around the OH-58.

This proposal is cost-avoidance of almost \$12 billion because it would cost us about \$10 billion to modernize the OH-58 for it to perform the mission. So what we have to do is we have to take existing Apaches and replace them to do the scout mission. We can't buy enough Apaches to have them do the mission both in the Active and the Guard.

And so we have had to make some difficult choices. So what we have tried to do is come up with an organization that allows us to respond to future threats with the Active Component while still keeping structure in the Reserve Component.

As I mention in my comments, we are eliminating three complete aviation brigades out of the Active Component because we can't afford to keep them. We are not eliminating aviation brigades in the Guard. What we are doing is transferring the attack capability out of the Guard. We can't afford to keep it. If we kept the attack capability in the Guard, we would have to eliminate three to four brigades out of the Guard in order to do that. I don't want to do that because I need the lift.

In Afghanistan and Iraq, the combat aircraft that flew the most hours is the UH-60, by far. It is the centerpiece of everything we do, and I need that capability in the Guard. I need that to be capable of coming forward.

The other piece with the Apache is it is not about individual pilot proficiency. We can sustain that in the Guard. It is about the complexity of the air-ground integration that has to occur that just frankly takes a long time to do. We don't have the training time—we will not in the future have the training time to sustain the right level of this integration that is necessary in the Guard. We do have the time to do it in the Active Component, and that is why we felt it would be better to move it to the Active Component.

Again, if I had my choice and I had the dollars, I certainly would have kept it in the Guard, but we simply don't have that choice.

APACHE SCOUT HELICOPTER

Mr. WOMACK. Well, so let me ask as just a follow-up—and I know I am going to run out of time. The wisdom of using the Apache helicopter, an attack helicopter, for a scout mission and the wisdom of taking 100 percent of your capability out of the National Guard—I am just simply suggesting that there is a better rebalance than the one that is proposed.

General ODIERNO. Again, I would say the rebalance would be eliminating more aviation brigades in the Guard. And I don't think—that would also eliminate lift in CH-47s, and I don't think we can afford to do that as I look at our total mission set as we move forward.

Mr. MCHUGH. Mr. Chairman, may I add one brief point?

Mr. FRELINGHUYSEN. Mr. Secretary, it is my time, so go right ahead. And—

Mr. MCHUGH. Thank you, sir.

Mr. FRELINGHUYSEN [continuing]. I am going to go to Mr. Owens after Mr. Womack.

Mr. MCHUGH. Okay.

The gentleman from Arkansas is more than capable of making up his own mind, but the only thing I would say, as I mentioned in my opening comments, as not just Mr. Womack but all of you consider this proposal, the money is gone.

So if we are not allowed to do this, if that is the judgment of Congress, obviously, we will follow that, but we have to find that \$12 billion somewhere else out of hide. That is a lot of money, that

is a lot of end strength, that is a lot of readiness. So that is just part of the equation.

Mr. WOMACK. I appreciate the responses and the hard work of these gentlemen.

And, Mr. Chairman, I do appreciate you yielding me the time.

Mr. FRELINGHUYSEN. Thank you, Mr. Womack.

Mr. Owens.

REMARKS OF MR. OWENS

Mr. OWENS. Thank you, Mr. Chairman.

Gentlemen, thank you for being here today.

You mentioned in your opening comments about the National Defense Strategy and how you are, in effect, trying to match the resources that you have against that strategy. That makes, ultimately, good sense.

What do you see as the threats that we are going to face over the next 3 to 5 years, and how would you prioritize those threats?

THREATS

General ODIERNO. So what I would say is, as I look at the world today, we have the breaking-down and unrest in the Middle East, we have Sunni and Shia conflict going on throughout the Middle East, we have governments, ungoverned territories in the Middle East, as well as North Africa and Central Africa, that have great concerns, where terrorism can use in order to—terrorist organizations can use in order to attack the United States. Those are grave concerns.

I have grave concerns over the Korean Peninsula. The acts of the new leader of North Korea, some of the things he has done, such as he has done in the last week or so—launching missiles, provocatively launching missiles. So those are concerns.

We obviously were somewhat concerned, because of the economic necessity of Asia-Pacific to the United States, by some of the competition over the islands with some of our close allies, the Japanese, and issues with China.

And there are others, but those are the main ones that I am concerned about.

And the bottom line is—and then we have things that pop up, such as what has happened over in Ukraine and the Crimea, where 90 days ago nobody would have been talking about that. And so it is these unknown issues that come up that also concern me that we have to be prepared to do.

In my opinion, as we move forward, one of the most important things our military does is deter, and that we have to deter miscalculation and actions that others might do. And I think that is what we have to be concerned about. And deterrence is a combination of capability and capacity, and I think, for us, it is important that we understand that as you move forward.

SEQUESTRATION IMPACT

Mr. OWENS. And if I am interpreting your testimony correctly, you feel that at this point you do not have the maximum deterrent capacity that you need.

General ODIERNO. I think that, if we have to go down to full sequestration, I believe it will be difficult, it will become into question.

Mr. OWENS. So, absent the impact of sequestration in 2016, you think you would be at your maximum deterrent capacity.

General ODIERNO. That is correct, sir.

Mr. OWENS. Do I have a little more time?

Mr. FRELINGHUYSEN. A little more time, yes.

Mr. OWENS. A little more time. I have a question—

Mr. FRELINGHUYSEN. And then Mr. Kingston.

BRAC

Mr. OWENS [continuing]. On BRAC. I have a question on BRAC.

One of the things that we have seen the Army doing is some realignment without a BRAC. You have, in fact, moved some troops around. You obviously can't close a facility in the absence of a BRAC, but you can, in fact, move troops around.

Is the plan to continue that process, and the ultimate outcome being, if you will, the creation of a scenario in which it is now obvious which facilities you want to have closed?

Mr. MCHUGH. Well, having gone through a BRAC that hit close to your hometown, Plattsburgh—

Mr. OWENS. It did.

Mr. MCHUGH [continuing]. You can never tell, because Plattsburgh Air Force Base was closed in spite of the fact that the Air Force very much wanted to keep it. So it is not our intent to create a foregone conclusion.

As you noted, we have made significant restructuring decisions largely because we had to draw down in end-strength pursuant to budgets. Absent some further relief, that will continue. Although I will tell you, we are already scheduled to come down to 490,000 by the end of 2015 and then from 490,000 to 440,000 to 450,000. So, just by definition, as your troops are in those buildings, more and more space will become excess. We want to minimize that.

COST OF MAINTAINING EMPTY FACILITIES

Right now, we calculate we are paying about a half a billion dollars a year in what we call the "empty facilities tax." You have to maintain buildings to a certain level even though you are not using them.

But we will always stay within the law. We have prerogatives of certain things we can do with respect to structure that the Congress has provided us. And as we go forward, we will try to use those. But an ultimate BRAC, which is the most efficient way, the most way in which we wisely spend taxpayers' dollars and which we receive the most savings, is, in our judgment, the most sensible path to take. But we need your authorization to do that.

Mr. OWENS. Thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Owens.

Mr. Kingston.

REMARKS OF MR. KINGSTON

Mr. KINGSTON. Thank you, Mr. Chairman.

Mr. Secretary, General Odierno, it is great to see both of you. We certainly appreciate everything that you do and your friendships that you have developed here on the Hill.

I wanted to follow up with Mr. Owens on that. Mr. Secretary, I think that is an important point. You are paying, you say, a half a billion dollars a year, \$500 million a year, to maintain buildings which you no longer need?

Mr. McHUGH. Correct.

BASE REALIGNMENT AND CLOSURE

Mr. KINGSTON. And, therefore, would it be more orderly to have a BRAC than to not have a BRAC? Because it seems like right now we are having a BRAC, it is just that it is a backdoor BRAC.

Mr. McHUGH. Well, without a BRAC, what we do is create more excess rather than fewer. We keep facilities, but there are no people in them. There is no use for those facilities, and yet we still have to maintain them. So it actually adds—the process that we are going through right now of drawing down forces, our end strength, of creating more vacancies in our facilities, actually will drive that \$500 million up.

A BRAC would allow us to go about it in a far more sensible way, would allow us to make rational decisions so that we can concentrate our facility excess and, to as great an extent as possible, get it off the books, saving us rather than costing us money.

COSTS OF DOWNSIZING

Mr. KINGSTON. Would it be possible to put a dollar amount on that?

Mr. McHUGH. Well, if you look at 2005, the Department spent \$6 billion as investment going in to execute the BRAC and are realizing \$3 billion savings per year.

Right now, we would estimate a BRAC would probably produce us about a billion dollars in savings after a 7-year implementation period.

That is a hand-grenade estimate, obviously. We were precluded under the NDAA from even considering or planning for a BRAC, so we don't have the fidelity on our estimates that we would like, but we think that is a reasonable estimate. And as we go forward, we will certainly refine those estimates.

Mr. KINGSTON. General Odierno, Mr. Owens had asked about troop strength, and we have the numbers in terms of not just the Guard but the Reserve and the Active Duty. Do you think that puts us at peril, going down to the troop levels that are proposed?

General ODIERNO. So at 440,000 to 450,000, 335,000, 195,000, I believe that is the floor that we can go to and meet the Defense Strategic Guidance. And as I view the national security environment, I believe that is the lowest we should go to.

Sequestration takes us to a much lower level—420,000, 315,000, 185,000. And I believe we will not be able to meet our mission, and I believe it puts in question our ability to properly deter and to properly even conduct one long, prolonged, multiphase campaign if necessary. And that is my concern.

Mr. KINGSTON. Okay. I appreciate it.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Kingston.
Ms. Kaptur.

REMARKS OF MS. KAPTUR

Ms. KAPTUR. Thank you, Mr. Chairman.
Mr. Secretary and General Odierno, welcome.

General Odierno, I first met you in Iraq, and I want to thank you for your service to our country in a most difficult assignment. And we are very honored with your presence today.

RUSSIAN TROOP MOVEMENTS

I almost don't know where to start because I really want to ask you about your perspective on Iraq and the prospects for stability going forward, but I simply must ask this because of what has happened in Central Europe with the staging of Russian troops at both the Ukrainian and very proximate to the Moldovan border and now, we heard on the news this morning, Estonia, at the Estonian border. It appears largely army troops.

I am wondering if you have had a chance, with your staff, to observe what is going on and could put what is happening there in perspective for us. How significant is that staging by Russia?

General ODIERNO. Well, I would just say, first, we do watch it very carefully. I think, for us, it is something that we have to be very cognizant of, and "us" within the NATO context. I think NATO and the United States has to be very cognizant of what is going on and watch very carefully the troop deployments and the exercises that they are doing in Russia.

So we have to watch it. We have to understand that some of these countries who we have begun to work with are concerned about this. We have some of our other NATO allies that are concerned about what they are seeing here, especially those in Eastern Europe.

And I think it is important for us that we operate within the NATO framework to address these issues. And we are doing that. We are obviously reaching out to our counterparts. Obviously, the Supreme Allied Commander Europe is working this very hard. But it is something that I think we all have to watch very carefully and that we are all concerned with.

TRAINING AND SUPPLYING RUSSIAN BORDER NATIONS

Ms. KAPTUR. I want to just make an observation, that it appears to me Ukraine was left defenseless over the last 2 decades. There have been some exercises that have occurred within her territory, there has been some engagement, but the last 2 decades appear to have allowed this moment to happen. And so I just wanted to state that for the record.

I hope that whatever occurs in the future, that the border nations—Lithuania, Estonia, Latvia, Poland, Hungary, even Turkey, Moldova, Romania—that a new architecture for participation in some manner to maintain an edge. There has to be some structure that holds the line. And I am sure that is being discussed, and I hope it continues.

I would just ask you to consider—it is my understanding there are some training exercises that were to occur in the western portion of Ukraine in June with several allies of the United States. I don't know—and not all of them, I believe, are members of NATO. However, I am wondering if those training exercises might be moved up, or some aspect of them.

I am not aware of all training exercises, but it just seems to me to leave any country that wants to accede to Europe defenseless at this moment is not a good strategy. And I am just wondering about the flexibility of exercises.

And then I would like to ask about supplies. If Ukraine were to request supplies, would that be formally done through NATO? Where would supplies come from to Ukraine if she faced the worst?

COMBINED TRAINING EVENTS

General ODIERNO. So, a couple things.

I think we have a robust exercise program that goes on throughout Europe that could be used, utilized, to do many things, to include what you suggest. And I think we are taking a very hard look at that, as we look at the exercises that we have planned.

You know, last year, we went through this for the first time. The United States has a brigade that is part of a NATO response force, and it is actually First Brigade or First Cavalry Division out of Fort Hood. And they have been training, and, in fact, they are supposed to conduct training exercises in Europe with NATO over the next several months. And so there are things that can be done.

In terms of supplies, we are working several different courses of action, from nonlethal to lethal supplies that we could provide. It could be done through NATO, it could be done in a bilateral nature, depending on the decisions that are made. We are conducting assessments of types of things we could do, and we are providing those to the Joint Staff for analysis.

MARKSMANSHIP TRAINING

Ms. KAPTUR. Thank you very much.

Mr. Chairman, do I have time for one additional question?

I just wanted to place on the record, if I could, that it has come to my attention—and I may have incorrect information—that within your budget, in the area of the marksmanship and training of our personnel, both Active and Guard and Reserve, that the funding for marksmanship has been reduced by about 60 percent. I don't know if that is a correct number.

I represent Camp Perry, with the best shooting range in the country. And I would hope that if, in fact, there has been that type of serious cutback, you might take a look at the ability of our forces to train properly and to do what is necessary to provide them with those skills.

General ODIERNO. If I can just give a quick answer. There has been no reduction in individual and squad-level training and marksmanship. That is funded. Where we have problems is when we get above that level. The collective training that happens at platoon, company, battalion, that is where we have had to reduce funding.

Mr. FRELINGHUYSEN. Thank you, Ms. Kaptur.

And I think the record should also show, and I think it is true, General Odierno, that Ukraine has stood with us both in Iraq and Afghanistan, and we are highly appreciative and recognize their sacrifice.

Mr. Cole.

BUDGET CONTROL ACT

Mr. COLE. Thank you, Mr. Chairman.

And I thank both of you gentlemen for your terrific service to our country in a variety of capacities.

And thank you, in particular, in both your testimony for being direct and blunt about the consequences of another sequester. You know, I think your—and I have said this on multiple occasions, but I am going to keep saying it for the record. I think you and your counterparts in the other services are making tough decisions because we haven't, as a Congress and an administration, made our tough decisions.

And I don't think anybody, when we first voted for the Budget Control Act, ever thought sequester would become a reality. Nobody did politically on either side. I don't think the services did. And we stumbled into a really bad situation that you are having to deal with.

And while I am very proud that we found 2 years of relative budget certainty, you know, all we did was buy a little time. We are going to have exactly the same problem here.

And I would suggest, I don't think anything is going to happen between now and November, but we need to make the tough decisions as soon after that as we possibly can so you have the certainty that Mr. Womack appropriately said that we owe you. I have always been willing to vote for any deal that we could find that would do that. I would do that again.

But I do think some of our leadership on both sides of the aisle and, sort of, up the chain need to sit around the table and come to a deal. Otherwise, we are going to keep living this scenario, and it is just not fair to the men and women that you both lead.

PALADIN-PIM

Let me ask a couple of quick questions, if I may. One, you know, if you represent Fort Sill, you are always interested in artillery. So I am very interested in your assessment of where we are in the PIM modernization program and how you see that unrolling.

Mr. MCHUGH. Well, thank you for your comments, Mr. Cole. And, obviously, it is not important, I suppose, but we fully agree.

As I know you and I have talked in the past, the Army is fully committed to PIM. And we recognize the impact to the great State of Oklahoma, but it is critically important to the Army. We need a new self-propelled artillery howitzer to keep up with our formations, and so we are going forward.

We really have no particular challenges at this point. We are coming up to our first delivery of LRIPs. We expect 66.5 vehicle sets sometime in mid-2015. And, thereafter, we will go to the first unit equipped and a full-rate production decision plan for the second quarter of 2017.

You know, these are long timelines, they are frustrating. But when you are developing something as important as this and really is a generational change, time is kind of an unavoidable factor.

Mr. COLE. Second, just a quick follow-up. And I know this causes everybody a great deal—we have spent an awful lot of money in the pursuit of new cannons, whether it was the Crusader or the NLOS-C, part of the Future Combat System. We spent billions of dollars, never got a deployable system out of it.

TECHNOLOGY HARVESTED FROM TERMINATED PROGRAMS

Number one, is there anything that was gained in the course of that work that can be salvaged technologically? And, number two, what are we doing to make sure we don't walk down this road again? Because we certainly can't afford to do it.

Mr. MCHUGH. Yeah. Thank you for bringing—I think there was——

Mr. FRELINGHUYSEN. Let me associate myself with——

Mr. MCHUGH [continuing]. Bringing up our painful past.

Mr. FRELINGHUYSEN [continuing]. Mr. Cole, having defended a lot of those programs.

Mr. MCHUGH. At least he didn't throw in Future Combat Systems and some of the——

Mr. FRELINGHUYSEN. I think he did, actually.

Mr. MCHUGH. Oh, he did? I missed that. I had grown numb by the time he had gotten to that.

Mr. COLE. I can repeat the question.

Mr. MCHUGH. No, no, that is okay. Thank you.

If you take, as we have, all of these nondeliverable developmental programs, we can learn a great deal, and we do think we have. And we have tried to employ those lessons learned of reaching too far for immature technologies, of writing requirements that are really more a pipe dream than a realistic path forward to acquisition. I do believe we have shown great improvement.

The fact that the PIM at this point of maturity and in the low-rate initial production is still on time and still on schedule I think reflects, indeed, the fact of those lessons learned. And I think we can show it in other developmental programs, as well.

We spent a lot of time after the cancel of the NLOS-C and Crusader and those other things you mentioned trying to better understand where it was we seemed to repeatedly come up short. We had the Decker-Wagner report that I ordered to be held; it came back with 56 great recommendations. We have implemented the vast majority of those, and they are making a difference.

And we watch these very, very closely. And every program manager knows that he or she is going to be judged by their staying in budget, on schedule, and is going to be judged by their ability to bring in that program to production.

Mr. COLE. Just one quick request, really. If it is possible, could I get a copy of that report?

Mr. MCHUGH. Absolutely.

Mr. COLE. Frankly, it could be helpful for us to learn the same lessons.

Mr. MCHUGH. Absolutely.

Mr. COLE. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

General ODIERNO. If I could just quickly comment, and I am just going to reenforce what the Secretary said. But we have moved some of the technologies into the PIM program. Now, probably not worth the investment that we made, but we have taken some of those technologies and integrated it.

Now, I would say one thing—

Mr. FRELINGHUYSEN. Used to be called “spiralling up.”

General ODIERNO. Yes. Yes.

Mr. FRELINGHUYSEN. I don’t know what they call it now.

General ODIERNO. Spiralling out.

Mr. FRELINGHUYSEN. All right.

General ODIERNO. Spiralling out technologies.

But the other thing I would say is, and the Secretary mentioned it, it is about requirements and it is about our requirements process.

We have put in a lot of work on ensuring we have adjusted our requirements process in the Army, and we are constantly—because what happens is you have—we built requirements on hoping for technology instead of building requirements on technology that was achievable. And that is what we are changing.

And you have to build requirements that are achievable. And if we build them that are unachievable, it leads us down this road. And you have to constantly assess it, adjust it, take a look at it. And we now, I believe, have processes in place that allow us to do that.

Mr. FRELINGHUYSEN. Thank you.

Mr. COLE. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you.

Mr. Ryan.

REMARKS OF MR. RYAN

Mr. RYAN. Thank you, Mr. Chairman.

Let me first just, as I look at the numbers here, I know we have had a couple questions already on the end strength. And you look at the sequester numbers, what the potential possibilities could be. I just want to encourage you, as publicly and as loudly as you can, to continue to get this message out and amplify it.

I think this is a situation that would be completely unacceptable from the committee’s perspective, and I know it is from yours, as well. My fear is that this hasn’t really penetrated the thoughts of average Americans as to what this would mean for us.

And you have mentioned, General, that this is mostly about deterrence, to Mr. Owens’ question, this is mostly about deterrence. And so, to look at these numbers and to imagine a world in 2018, 2019 is unacceptable, I think, to most of us here. So if you can continue to help us out in the public to drive that message, I think it would be critically important.

You mentioned BRAC. And the Navy was here yesterday, and they mentioned BRAC, as well. As you know, Mr. Secretary, it is not the favorite phrase to hear as a Member of Congress.

BASE REALIGNMENT AND CLOSURE

And so just a question. I know we had some discussions from previous BRACs at how much it cost to actually implement the BRAC process. And there were a lot of complaints of how expensive it was to implement BRAC. I think it was \$35 billion in some of the estimates that I looked at.

Can you talk a little bit about how a new BRAC would be different? Or is that standard?

Because the assumption was it was going to cost, like, \$21 billion to implement, and it ended up being \$35 billion. And in these tough times, I think this is a fair question, for us to ask how much money would we be asked to put up front and what would the estimated savings be on the back end.

Mr. MCHUGH. Absolutely an important and appropriate question.

The \$35 billion was a department-wide, as you noted, department-wide investment for the 2005 round.

If you look at from the Army's side of it, the 2005 round was really two BRACs in one. We had really what we call an efficiency BRAC to the extent that it largely entailed moving troops around, relocating headquarters, trying to place programs and processes in one location to gain efficiencies. That takes a lot longer to pay back. And because the MILCON costs are so high because we are creating new structure, that would be considered an unusually expensive BRAC for the Army.

The second piece was the more traditional closure—save money, fewer facilities. And we are saving right now from the 2005, as an Army, about a billion dollars a year, each and every year, even at that high price tag, unusually so in 2005.

For the Army, again, we don't expect our costs going in would be anywhere near the 2005, although, as I commented earlier, because of previous prohibitions on our ability to actually do analysis related to BRAC—that has now been lifted—we don't have the kind of clarity, the kind of numbers I think that you would want. And we understand that. We are going to try to work to get those to you.

Our rule of thumb, about a 7.7 percent rate of return on investment for the Army, that that would be our goal after 7 years. We have made that, to my understanding, virtually every previous BRAC, and we think that would be a more than reasonable expected rate of return, which would—

Mr. RYAN. You said you have met that over previous BRACs?

Mr. MCHUGH. Yes, sir.

Mr. RYAN. You have hit that number?

Mr. MCHUGH. Right.

ARMY BASE CONSULTATION

General ODIERNO. If I could, I would just add that, the last BRAC, there was really some significant reorganization that went on in the Army. For example, we consolidated the Maneuver Center of Excellence. Fort Benning and Fort Knox consolidated. We consolidated all our combat service support at Fort Lee. We consolidated maneuver support at Fort Leonard Wood. Those were major changes.

That is not what this BRAC would be about. We have done that, and that has been very successful. This one is more about excess infrastructure. In other words, it is just that we have to get rid of some of the excess infrastructure, and we can't afford to pay it.

So I think, based on that, the expense would not be as great, because we had to build new facilities as we combined facilities at Fort Benning and at Fort Lee and at Fort Leonard Wood in Missouri. So it was probably a bit higher. I think this one would be quite a bit different, because it is really about eliminating infrastructure we just can't afford to have because of the reduction in the size of the Army.

Mr. FRELINGHUYSEN. Thank you, Mr. Ryan.

Mr. RYAN. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. You will get another bite at the apple—

Mr. RYAN. All right.

Mr. FRELINGHUYSEN [continuing]. Depending on time here.

Judge Carter, thank you.

OCO FUNDING

Mr. CARTER. Thank you, Mr. Chairman.

And good to see both of you.

Mr. Secretary, I believe we met first and got to know each other on a trip to Iraq. And, General Odierno, we met you in Iraq. So there is some relationship there. I don't know what it is. I have since gotten to know you at Fort Hood.

I want to ask a question that still is relevant to what we are talking about. As I understand it, we will not receive the fiscal year 2015 overseas contingency operations, OCO, budget until after the Afghanistan—President's decision has been made.

The Army has said it will need OCO dollars for years after operations in Afghanistan draw down, both to get our equipment out of the theater and into depots so that the equipment may be retrograded and reset. The Army has \$9.9 billion of reset requirements alone that are directly attributable to this war effort. In addition, OCO provides funding for global-war-on-terror operations happening in the CENTCOM area of responsibility but not necessarily Afghanistan.

LONG-TERM RESET

Secretary McHugh, what is the Army's long-term plan to fund equipment resets and retrograde? Will you request funding for the Army in OCO in fiscal year 2015 and in the out-years? What impact would the loss of OCO funding have on the Army's retrograde and reset, and what impact would it have on the Army readiness?

And, General Odierno, with the problems in—I understand that when we are moving things out of Afghanistan, a great deal of that is to go the northern route because of issues we have had with Pakistan. And, therefore, I assume that would involve Russia in some form or fashion. And with what is going on with the unrest in Russia, do you see that, the northern route out, being an issue as we take our equipment out?

Mr. McHUGH. Thank you, Congressman.

Our intent has always been and our need has been and remains that OCO funding continue for 3 years after cessation of hostilities,

after withdrawal out of Afghanistan. And the vast, vast majority of those funds are intended to do the reset that you mention.

As we sit here this morning, we have probably about \$10 billion worth of equipment in Afghanistan that we intend to retrograde back to the United States to reset and to return to our troops. And if we lose that money, we will have junk piles next to our arsenals, next to our depots particularly, because we won't have the funds to process those.

That has multiple effects, none of them good. First of all, the workload, the people need at those depots will go down. That is a real impact on the economy. It is an added concern for us as we struggle to find ways, already, to sustain our organic industrial base. It also means that those pieces of equipment, vital to our formations, vital to keeping our equipment on hand and our modernization ratings up and sufficiently high, would not get back to those troops; it would just be unavailable. That means readiness declines even further.

So, regardless of what perspective you take on this issue, if we fail to get that funding, we have an enormous problem that I just don't see us fixing in any less than a decade, if then.

We do intend to ask for funds in 2015. The problem that I recognize that is challenging for this committee, particularly this subcommittee, is that without hard numbers it is hard to write a bill. The administration has asked for a placemaker. We obviously will look to you to——

Mr. FRELINGHUYSEN. Not only—if the gentleman will yield—not only to write a bill, defend a bill. We need to——

Mr. MCHUGH. No argument. I have been there, seen it. I never served on this great committee, but I begged you for things over many years.

Mr. FRELINGHUYSEN. You worked very closely with our former Chairman.

Mr. MCHUGH. So, yeah, if you look at last year, the Army's portion of the OCO bill is about \$46 billion. We are coming out, we expect it would be something less than that. But we owe you the numbers as quickly as we can get them.

But, as you noted, Judge, we have the issue of the Afghan elections and the Afghan SOFA.

Mr. FRELINGHUYSEN. Thank you, Judge Carter.

Mr. Visclosky.

Mr. CARTER. Could I get the answer to the northern route?

Mr. FRELINGHUYSEN. Very briefly.

Northern route I know we are not using as much as we originally intended; is that correct?

General ODIERNO. That is correct. It has not been affected. We are using it, but we have a course of action in case we don't have to use it.

I know you are——

Mr. FRELINGHUYSEN. Expensive, too.

General ODIERNO. Yeah, it is expensive.

Could I just make a short comment on OCO?

Mr. FRELINGHUYSEN. Go right ahead.

General ODIERNO. On the OCO, we understand the Army has a really specific problem even for 2015, because October, November,

December, we know for sure we are still in Afghanistan. We have to pay for October, November, December. In addition to that, all of our end-strength over 490,000 is in OCO, and we don't get to 490,000 till the end of 2015. So we already have a bill that we know, regardless of what the outcome is in Afghanistan. So we have to work this very carefully, because it would have significant impact on our budget.

The other piece of this is we also have about \$5 billion, we estimate, that has to go from OCO to base if we continue to do some of our contingency operations that are being paid by OCO.

And so there are a lot of issues involved with this that we are going to have to deal with in 2015 and the out-years with OCO. And that could have a significant impact on our base budget.

Mr. FRELINGHUYSEN. Excellent point and important to have in the record. Thank you.

Mr. MCHUGH. If we have to fly everything out, which if the GWACs go down we would, that is a \$3 billion estimate. The least expensive using GWACs is a billion. So it is big money.

Mr. FRELINGHUYSEN. Yeah.

Mr. Visclosky.

REMARKS OF MR. VISCLOSKY

Mr. VISCLOSKY. Thank you, Mr. Chairman.

General, just following up on your remarks, and we have had some extended conversation on OCO, you hit a point. And that is, no matter what happens, we are there for 3 more months. And, again, the chairman's opening remarks and mine, should we expect from the administration shortly some details for at least those 3 months for our anticipated bill?

General ODIERNO. We are having discussions right now internally on this. We understand the importance of it, and we are having discussions on this now.

Mr. VISCLOSKY. I would like to follow up—as always, Mr. Cole is ahead of me. I have a terrific question that he has already asked, thanks to our wonderful staff. But I would follow up on that, and in all seriousness, about the issue of acquisition in programs.

Relative to some of these large programs—Ground Combat Vehicle, the Future Combat Systems, just to name a couple—as we proceed, two questions on my mind. One is, what are our risks of obsolescence?

And understanding that the Army is always trying to upgrade what we do have and circumstances change, what is the difficulty we are seeing here in the industrial base? Because you still keep that base alive as you upgrade, but at some point if you don't have some significant production, I am very concerned about that.

Mr. MCHUGH. Well, it is very important. And although we focus a lot of time on our external industrial base, as we should, it is not often that people think about what we do in our modernization programs in terms of supporting the general economy.

GROUND COMBAT VEHICLE (GCV)

And when we have to, as we already have, take significant cuts out of our modernization programs, out of our developmental pro-

grams—and GCV is a perfect example. GCV was performing. The program was on schedule, it was on budget for the internals of the initiative, but we simply couldn't afford it in light of other realities. So that results in potential loss of jobs. Those are programs that go away.

And so, as we look across our portfolio, we try to do the best we can in identifying particular points of failure—in other words, where we have suppliers or we have high-skilled manufacturing personnel—and try to make adjustments, where possible, so that we continue to support them at least at a minimum sustainment rate so that when, you know, larger programs come about and we are in full-rate production of something else that they can build, you know, they can return to full health.

But it is a challenge. We don't have enough money to do the things we need to do to begin with.

INDUSTRIAL BASE CONCERNS

Mr. VISCLOSKY. Any particular discrete areas of the industrial base, if you would, that you are most concerned about? And, again, the issue of obsolescence that you—

Mr. MCHUGH. Well, we have a number of studies and analyses ongoing. One, the S2T2, sector-by-sector, tier-by-tier analysis conducted by the Department of Defense, and as well as, internally to the Army, we are setting our organic industrial base at particular points of vulnerability. And we have an ongoing A.T. Kearney study that will finish its first phase and the report will be ready probably by the end of next month and then enters a second phase.

And most of those are trying to identify two particular areas. First, where are those truly high-skilled, close-to-irreplaceable workers? You know, we are not talking about folks who, you know, come and go and folks we are able to hire off the economy pretty readily, but those folks that have particular skills.

And, second of all, where are those—and they are usually lower down on the chain of acquisition—single points of failure? And they generally lie in pretty specialized manufacturers. And we have made some adjustments in our FLIR, our forward-looking infrared radars, and in some transmission components for our combat fleet to try to protect those kinds of things.

But, again, it comes back to you can only protect as many as you have money to spend.

Mr. VISCLOSKY. All right.

General ODIERNO. I mean, we are working very hard. Let me use the Ground Combat Vehicle as an example. How do we sustain the intellectual base of our combat development programs in industry? And so we are working to make sure that we have the dollars to do that. Because if we lose that, then as we move down the road, we really have problems in developing these programs.

So we are looking to put some moneys in this process so they can sustain a level of intellectual capacity to move forward as we look down the road to develop a future, for example, infantry fighting vehicle. And we have to do that in several areas. And we are trying to balance that so that we can sustain that. Because if we don't, we have real problems.

WOMEN IN COMBAT

Mr. VISCLOSKY. Mr. Chair, if I could ask one more question, please?

On women in combat, Secretary Panetta had a memorandum in January of last year. And would note that in 2012 the Army has already opened up 14,000 positions that had previously been closed to women.

One of the issues, obviously, is the issue of physical standards. And, as I understand it—and had a very good conversation with a number of people yesterday—it is not necessarily having the same standards but making sure that the outcome you need for that particular skill set is met. And there might be different techniques to get to that outcome.

I guess the question I would have is: Has DOD, in this case the Department of the Army, taken steps to more clearly define what those physical standards might be? And, secondly, how are we proceeding? And, again, recognizing that the Army is making significant progress here.

PHYSICAL DEMAND STUDY

General ODIERNO. So there are two things.

So the Training and Doctrine Command has undertaken a physical demand study, and that is in coordination with the U.S. Army Research Institute of Environmental Medicine and other outside organizations. And they are conducting valid, safe, legally defensible physical performance tests.

We are out doing it now. We just finished one at Fort Stewart, Georgia, where we are doing these tests in order to define what are the capabilities, physical capabilities, that are necessary to accomplish specific MOSes. And it is regardless of—

Mr. VISCLOSKY. Sex.

General ODIERNO [continuing]. Gender.

Mr. VISCLOSKY. Yeah.

GENDER INTEGRATION

General ODIERNO. So it is really important that we do this.

The other thing we are doing is a gender integration study. And what we are doing is, you know, they are conducting the cultural and institutional factors that would ensure that we set the environment for successful gender integration in the MOSes that previously women have not been serving.

And so, with those two efforts, we believe we are really making a lot of progress. And we are very confident in how we are moving forward right now.

Mr. MCHUGH. May I make a comment, Mr. Chairman?

Mr. FRELINGHUYSEN. Yes.

Mr. MCHUGH. I think it is important that everybody recognize that the discussion that somehow we are lowering standards to allow women to enter is simply untrue.

Mr. FRELINGHUYSEN. Right.

Mr. MCHUGH. We have been told by the folks who are in a position to know that when we get through this exercise that the Chief laid out and match the physical requirements to skills required,

there are going to be some men who probably for some time have been in those MOSes who are not going to be able to qualify anymore.

This is about making sure we are maximizing every soldier to have a job that he or she is most likely to succeed in and ensuring that we have soldiers who are less likely to get injured, who can perform at higher standards. And we are going about this in a very, very deliberate way.

So while we are working very hard to open up positions for women—right now we have a notice from DOD to the Congress that for the Army will open 32,000 additional positions—this is much wider than just women in the Army. This is about giving every soldier a better opportunity for success.

Mr. VISCLOSKY. Well, I appreciate your seriousness about this issue and all of the good work and progress you have made to date very much.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you.

The chair would like to claim some time before I recognize Ms. Lowey.

WAR FOOTING

When I was in the coffee line this morning, somebody said, are you going to mix it up with the Secretary and the Army Chief, and I said, well, first of all, they are good friends and they do a remarkable job, they provide a lot of leadership. And you have been given some pats on the back and accolades for being blunt about the sequester. But the other part of that equation is that—and I suppose I would direct this to you, as a civilian leader. There has been a decision to get off what we call permanent war footing.

In other words, to me, as someone on this committee who has been here for a while, we sort of started the process being able to be involved in two wars at the same time, and General Odierno suggested that we could perhaps address one for a limited period of time.

So we have good reason, in some ways, to continue to be on a war footing. I mean, there was a time a couple of months ago when the House was challenged that we were going to, sort of, take some military action in Korea. And there was sort of a back-off from that, which I think surprised a lot of people, disappointed some of our allies. The Koreans aren't slowing down, you know, their hostility. The Chinese are setting up sort of an exclusion zone. We talked about this in another setting over the last 24 hours. And they are being confrontational. And there is the issue that our adversaries are watching, our allies are watching what our response is.

After all, this is a defense posture hearing here. We can wring our hands about the state of what is going on here, in terms of the sequester and continuing resolution, but you still have a job to do here. And I don't know whether, you know, this is the forum, but this is the committee that is going to come up with whatever it takes you to get across the finish line.

I think we continue to live in a very dangerous world here. Who would have thought that the Russians would have annexed Cri-

mea? We can go back into the history. We can talk about gulags and things that, you know, all these people have suffered, their indignities and the horrors. But we need to be prepared for every eventuality.

And I know this is sort of sequester-centric here, but, in reality, we now have a—we are taking ourselves off a permanent war footing. I think we live in a more dangerous world, and we need to be prepared for that.

So the bottom line here: Are we prepared? Are we prepared? It is an issue of readiness here. Whatever the number is, are we ready to meet whatever those challenges are, some of which I have outlined?

BI-PARTISAN BUDGET AGREEMENT

General ODIERNO. Well—and a really important subject. And what keeps me up at night is our readiness today. That is what keeps me up at night.

I mentioned earlier we have 70,000 soldiers currently that are on operational commitments around the world. That is a significant number. And what has happened is, in 2013, we had a really significant downgrade in our readiness because of the hammer of sequestration.

The bipartisan budget agreement helped us significantly in 2014. It helps a little bit in 2015. So we are starting to rebuild this readiness. The problem is, if you go back to sequestration in 2016, you fall off the cliff, readiness cliff. So, once again, we are going to have readiness issues because of the nature of sequestration.

So, in order to sustain appropriate readiness, it has to be consistent funding over consistent periods of time. Because readiness is something that comes and goes. If you are not constantly preparing yourself, you lose readiness. And I worry we are having too many fits and starts with readiness.

We are taking advantage of the money that you have given us on the bipartisan budget agreement, and we are now building readiness. But that ends, you know, in 2015, and so we have this problem.

The only other thing I would say that is counterintuitive, what people don't realize, as you get smaller, readiness is more important. Because—

Mr. FRELINGHUYSEN. Exactly my question.

General ODIERNO. Yeah.

Mr. FRELINGHUYSEN. Whatever your size is, you better be capable of moving it quickly.

It is a subject which is key to our—and this is a group that all endorses, you know, regular order. We have the ranking member here, Mrs. Lowey. I mean, it has been a working relationship with Chairman Rogers. I am not sure everybody outside our committee gets it, but we are still working on it.

Leader Lowey.

SEXUAL ASSAULT

Mrs. LOWEY. Thank you very much, Mr. Chairman. It is a pleasure for me to join you in welcoming the Secretary.

Nice to see you in this position.

And, General Odierno, I know that I have been involved, I know you are, in the Wounded Warrior Project. And I know how much you care and you are working to address that very, very serious issue when these young men and women come home.

I want to thank you and all the Army soldiers and civilians for your sacrifices and dedication to keeping our Nation safe.

The Army faces great funding shortfalls due to sequestration, and while a partial restoration of funds in the fiscal year 2014 budget will help recoup some of the lost readiness, tough choices remain in the Army's budget proposal for fiscal year 2015 and beyond.

With today's volatile environment, it is increasingly difficult to most effectively shape the Army for the future. And we need to work together to ensure this budget allows the Army to meet our national security goals despite uncertainty and fiscal constraint.

And I look forward to doing just that, Mr. Chairman.

Sexual assault and harassment continues to plague the military. The President gave the Department of Defense a deadline of December 1st, 2014, to evaluate whether changes implemented over the past 12 to 18 months are making a difference.

The Pentagon reported that about 5,400 instances of sexual assault or unwanted sexual contact were reported in the military in fiscal year 2013, a 60 percent rise from 2012. Last month, a top Army prosecutor for sexual assault was suspended after allegations that he sexually harassed a subordinate. Just this week, an Army general officer got off with merely a hand slap after being charged with similarly egregious offenses.

General Odierno, do you believe the Army will be able to stem the rising incidence of sexual assaults or unwanted contact? Is it a cultural problem? Is it a leadership problem? Will opening more military positions to women at all ranks help the problem?

ARMY STRATEGY TO COUNTER SEXUAL ASSAULT

General ODIERNO. First off, I think there are several things we have to do. One is we have to constantly work on our culture. And we are working that from the bottom up and the top down, and it is absolutely critical.

It is also, anything that goes on in the Army is a leader issue. And this is about leaders being involved at every level to solve this problem. We have made it our number-one priority. I hold regular meetings with our leaders. I talk to every brigade or battalion commander, I am talking to every one of our generals about their responsibilities—our sergeant majors. And that is, in our institutions, we are changing how we train.

So all of this is absolutely critical to us as we go forward. Yes, we can solve this problem, but we have a lot of work to do yet.

We are seeing some things that I think—you know, our prosecution rates are up. Number of people going to trial is up. So there are some positive signs.

I also believe that the reason the rates have gone up in terms of the number of incidents is because they feel much more comfortable coming forward because of the new renewed involvement in the chain of command and that they are gaining some confidence.

But we still have much work to do. We are nowhere near where we need to be yet. But we are absolutely focused on this.

Mrs. LOWEY. If you could describe for us, the DOD Military Criminal Investigative Organization, the MCIO, to investigate 100 percent of sexual assault cases, what impact will this have on the Army? And how has the criminal investigation division been resourced, both funding and manning, to meet this growing requirement?

SEXUAL ASSAULT COUNTERMEASURES

General ODIERNO. There are two things that we have done.

First of all, I think we are recognized as having the best forensics capability of any of the services in terms of sexual assault within the criminal investigation division of the U.S. Army because we have invested a lot of dollars in that.

We continue to increase the number of special prosecutors that we are training with experience in this area. We are also increasing the number of investigators and giving them very specific training to ensure they understand how to investigate these crimes. And we are continuing to increase this.

We also have an awareness campaign that commanders understand the capabilities of the criminal investigation division, both the special prosecutors as well as the investigators.

We continue to increase in all of these areas, and we are continuing to invest.

I just went down to Fort Leonard Wood, where we have our school, and I spent time there. We have also implemented new courses in the school. We have also established a new Army-level school for SARCs.

And so we are investing a lot of money in this, and we will continue to do so.

Mrs. LOWEY. And one other question, if I may. The issue of suicide prevention remains a high priority, I know, within the Department of Defense. While Army suicides in all 3 components have declined in recent years from 325 in 2012, 305 in 2013, 53 reported thus far in 2014, it remains a problem, and it really pains all of us to look at those numbers.

General Odierno, do you believe the Army is doing a better job of addressing this issue with soldiers? And what has made the difference? What still needs to be done?

It is so painful for us to think this exists after our young men and women serve with such distinction. If you could address that.

General ODIERNO. Yes, thank you, ma'am. Two areas I will highlight quickly.

One is we have expanded behavioral health significantly in the Army. We have increased behavioral health staff by 150 percent since 2013. And we are now in the units; we now have behavioral health specialists down to brigade level. This is having a significant impact, so they have people they can get to and more access to the care that they need.

The other thing I would say is that it is about us, also, our ready/resilient campaign, where we are focusing on ready/resilient soldiers and families and the education of them in terms of modification of their behavior, better physical, better mental toughness and

strength, the ability to cope with very difficult situations. And we are getting great feedback from our soldiers and families that this is starting to make a difference.

Again, this is one that requires leadership attention. This is one that we will not stop. No matter however we lose a soldier, it is very difficult for us. And we continue to work this very carefully.

Mrs. LOWEY. Thank you.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mrs. Lowey.

And let me just correct the record. I was referring early to Syria, the potential military action there. We obviously hope never to see such a thing happen on the Korean Peninsula.

Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

I want to pick up a little bit on what the chairman just talked about in terms of readiness. When I walked in, Mr. Visclosky was talking about the industrial base. And I want to ask a couple—we have had this ongoing conversation about tanks.

And I actually just came from a meeting with Condoleezza Rice, and we were talking about Ukraine, talking about Russia, talking about Georgia, talking about NATO. And one of the things that she commented on, you know, maybe we were a little premature in thinking everything is going in the right direction.

M1A2 ABRAMS TANK PRODUCTION

And when you talk about tanks, I know there was a time 3, 5 years ago, said, we don't need any more tanks for now, but we might need them 5 years later. And so we had a discussion about what happened if you shut down a production facility and then had to start it back up. And there was a back-and-forth about how much that might cost, somewhere, \$500 million to a billion dollars.

And the last several years, this subcommittee—and we have to take, like, a long view of the world. I know sometimes your decisions can be driven on a short-term basis. But we provided somewhat of a safety net to make sure that the only tank production and modernization facility we have stayed open, along with some foreign military sales. And, each year, you have chosen not to put any money in your request to—but we kind of provided that safety net.

And so, once again, here we are; we look at the request. And I think your view is that hopefully foreign military sales will keep the line sustainable. And as the world seems to get a little more dangerous, tanks probably become more important than they might have been 5 years ago in terms of modernization.

And I guess the question is, if we didn't provide a safety net and the foreign military sales weren't what we all hoped they would be, what would happen to that only tank production facility we have in the country? And if it were to shut down, how much would it cost the Army, the military, to start it back up, either next year or the year after that? And that is not in the budget.

So talk about that and how you view the whole readiness issue, the industrial base issue. Because I think we all agree how important it is, but it seems like that is an overall cost of doing business.

INDUSTRIAL BASE

Mr. McHUGH. If I could, Mr. Crenshaw, I will start and then let the Chief take over.

As I mentioned earlier, we have spent a whole lot of time trying to analyze what we are able to do to sustain both the organic as well as the external industrial base.

In the case of our combat fleet, we have, in fact, done some things to try to stretch out procurement times to sustain a minimum amount of work necessary to retain the skilled workers, which is our focus. We can't possibly maintain an entire workload as it was at the height of production, but we want to keep those skilled workers.

KEEP SOME M1A2 WORKERS ON THE PROGRAM

We have made some accelerated acquisition, I mentioned earlier, in FLIR, our forward-looking infrared radars, some engine transmissions for Bradley and other units to try to ensure that those skilled workforces stay available. And we have accelerated, with respect to the Abrams, we have accelerated our plan for the engineering upgrades. Originally planned in 2019, we have accelerated that to 2017.

We had, and you mentioned, shut down to warm status, analysis that showed us that doing that kind of action and then a restart was far more cost-efficient than sustaining and buying product that we don't need. We will have met the full Army acquisition requirement for Abrams tanks by next year, 2015. It will be what it already is, one of the most modern articles in the United States Army's inventory. The average Abrams tank is 4 to 5 years old right now.

So do we wish we had money to continue to buy and build up a reserve? I suppose that would be nice. But in the current budget realities, we just don't have that capacity.

General ODIERNO. If I could just add, we have the most modernized and new tank fleet that we have ever had since I have been in the Army today. And that is because of the investments that you have allowed us to make. And so I feel comfortable with where we are with our tank fleet. We have not ignored it. We have capacity, we have capability. So we have that capability.

The issue is, as the Secretary said, how do we sustain an industrial base for the long term. And I think we have tried to come up with the best strategy possible to do that.

And so I feel comfortable with where we are with that. I feel comfortable with where we are with our tank fleet. Again, I believe we have the best tank in the world, and I believe we have the most—and it has been modernized to the extent that the fleet age of our tanks are the lowest they have ever been. And so I feel comfortable with where we are with that.

We certainly are concerned with sustaining an industrial base that can continue to support us in the long term.

Mr. FRELINGHUYSEN. Okay. Thank you, Mr. Crenshaw.

Ms. McCollum and then Ms. Granger.

REMARKS OF MS. MCCOLLUM

Ms. McCOLLUM. Thank you.

I have two questions, and I really would like to get to them both. One builds off of what Mr. Crenshaw was talking about. There has been a lot of discussion about weapons systems and protecting those and making sure that we have what the Navy needs in order to carry out its mission—the Air Force, the Army, the Marine Corps. And a lot of it is heavy equipment.

But one thing I see when I am out in the field and one thing that is issued to just about everybody in the military is body armor. And so I am concerned from conversations that I have had from our soldiers as well as with some of the medical personnel that I have spoken with that some of the body armor was so heavy and what we were asking our soldiers and Marines and others, you know, to carry around with them was really causing a lot of stress on their body.

So I understand that the Army was really pursuing to work towards better body armor. I am also aware that there is a shelf life with a lot of the body armor and there is a report coming out shortly.

BODY ARMOR

So here is my question: What are you doing, because of what is in the budget for body armor, one, to make sure we have don't lose the ability to continue the R&D on it, that we don't find ourselves in a position where we have outlived shelf life and all of a sudden we are scrambling for body armor?

I mean, I think it is important that—you know, the industrial base, we think of the big-ticket items, but the industrial base also includes R&D for the smaller-ticket items, the items that are, you know, intimately responsible for protecting that soldier or Marine.

Mr. McHUGH. If I could start, Ms. McCollum.

Body armor, in terms of weight, is a very significant aspect, but it is only one aspect. We are working across all the personal protection and personal equipment arenas to try to lighten the load, everything from batteries for a 3-day patrol, we have lightened the battery weight by 30 percent, and on and on and on. So body—

Ms. McCOLLUM. Mr. Secretary—

Mr. McHUGH. Sure.

Ms. McCOLLUM [continuing]. I really want to be respectful, but I have another question that is very—

Mr. McHUGH. Sure.

Ms. McCOLLUM [continuing]. Very important to me. If you could just address body armor for me, please.

Mr. McHUGH. We have an acquisition objective to reduce further procurements of body armor weight by up to 20 percent. We have already reduced body armor through carrier plates and other systems by some 10 percent. But every day we are trying to do what we can to squeeze out weight.

Ms. McCOLLUM. And what is the shelf life on the body armor? Is there a report coming out?

Mr. McHUGH. I do believe there is an analysis. I haven't seen it, so I can't tell you what it says.

Ms. MCCOLLUM. And do you know what happens to the R&D and some of things that are going into the, I am going to call it the industrial base for body armor, when the requisitions go down so low, especially when we don't know what the shelf-life report is going to say?

General ODIERNO. Yeah, if I could, we do have the Soldier Protective System, which is the body armor system for the future. And that is our line to get the R&D and continue to move forward with new developments in our body armor program. And that is ongoing, and it looks at all aspects of the body armor—eye, torso, et cetera.

And we are also looking at different types of body armor for different missions, because that also reduces the weight. And so that is all part of this future program that is being worked. Again, I am not—I have to look at the report, as well, to—

SEXUAL ASSAULT

Ms. MCCOLLUM. Okay. Well, we will get back to you.

I want to go back to the issue of sexual assault. Army General Sinclair just recently received a fine and no time. When he was first charged, it could have meant life in prison. My understanding and I could read from a report in the Washington Post here that, you know, after 2 years, all of a sudden all the charges were dropped.

What I had been led to believe is that General Sinclair had originally been willing to—and admitting to charges which would have had consequences of jail time and consequences of losing rank and possibly losing pension. When that was discussed higher up the chain, it was told, no, we are not going to do that, we are going to go to trial, even though—and I have it on fairly good authority—that this was an agreement that the General had agreed to.

We have been asked to trust the chain of command. I watched very carefully what was going on in the Senate. Can you tell me whether or not Admiral Sinclair had agreed to do jail time and had agreed to accept charges and then the chain of command said, we don't want to do that?

Mr. McHUGH. I am the civilian authority that has to make final determination on this and all similar disciplinary cases. Given that this is and remains an open case, unlike in the civilian sector when a jury renders its verdict and the judge issues sentencing, there still are several significant steps in the military process that have to occur. So we are greatly constrained, at this point, as to what we can say.

I can say this. I am not sure where you got your information that charges were dropped, but obviously they weren't dropped. The decision to prosecute—in fact, he was convicted.

The issue, as I understand it, that arises was the judge's decision for sentencing. As in the civilian sector, the Army has no control over what an independent judiciary does or doesn't do—

Ms. MCCOLLUM. So, Mr. Secretary, to your knowledge—

Mr. McHUGH [continuing]. With respect to sentencing.

Ms. MCCOLLUM [continuing]. To your knowledge, General Sinclair was never willing to plead guilty to any of the charges earlier and was directed or told that he should not accept that and that it should go to court?

Mr. MCHUGH. To my knowledge, I am not in a position to speak as to the procedure of the trial. The trial record is still open—

Ms. MCCOLLUM. I am not talking about a trial, sir. I am talking about—

Mr. MCHUGH. That is all part of the record, Congresswoman. And I am sorry, I wish I could, but I am not in a position to comment on that.

I can tell you that this officer, when he was accused, the investigation was properly begun. There was a decision to charge him. He was charged, he was prosecuted, and he was convicted. That is what I am at liberty to say.

I have the final determination authority as to his conditions of retirement, meaning his grade at retirement. And that matter has not yet reached my desk.

Ms. MCCOLLUM. And I can understand you can't talk about that any further. Thank you very much. And I think I made my point to my committee members.

Mr. FRELINGHUYSEN. Thank you, Ms. McCollum.

Ms. Granger.

REMARKS OF MS. GRANGER

Ms. GRANGER. Secretary McHugh, less than a year ago, May of 2013, the Army opposed purchasing additional Lakota helicopters, stating that there was no emergency requirement that existed and that the Lakota was not designed for combat. I have been advised that you are planning to now purchase 100 new Lakotas and moving 100 existing Lakotas into the Training Command.

LAKOTA HELICOPTERS IN FLIGHT SCHOOL

The requirements generation process that led you to replace the existing TH-67 Creek trainers with Lakotas is unclear to me. Was there a study done? And if there was, what did the study say?

Mr. MCHUGH. There was an analysis done that resulted in a report that we call ARI, the Army Reconfiguration Initiative, that seeks to realign and make new decisions on the entire Army portfolio.

As we discussed earlier, one of the keystones of that is having the Army totally divest itself of Kiowa Warriors. That has been an integral part of our attack platforms for many, many years, but it is no longer affordable. And, instead, to use Apache platforms, particularly in the Active Component, as a measure, frankly, to save money, some \$12 billion.

The decision on the training base was an underpinning of those other decisions and was led, in part, to the decision that you mentioned on the acquisition of 100 additional Lakotas for training purposes.

Ms. GRANGER. Can we get a copy of that, of the ARI? Or do we have a copy of the ARI?

Mr. MCHUGH. It is really a proposal. Do we have a full analysis, maybe the Chief can—

General ODIERNO. We have a proposal. We can provide you some backup data on why we made some of these decisions, and we will do that, ma'am.

Ms. GRANGER. Okay. Thank you.

[The information follows:]

As requested, a copy of the Army Restructure Initiative plan and related supporting analysis has been provided to Representative Granger under separate cover.

Mr. FRELINGHUYSEN. Ms. Granger, I know we have a second round here. I am trying to make sure it is even-steven here. Is there any indication on my left, if there is someone who would like to pose a question?

Ms. Kaptur, and then we will go to Mr. Cole or Mr. Crenshaw or Judge Carter.

Ms. KAPTUR. Thank you, Mr. Chairman.

And I would like to associate my statement today with Congressman Crenshaw of Florida on the importance of a very robust force and overground capacity, particularly in tanks, and not knowing what the future will bring.

EQUIPMENT RETROGRADE FROM AFGHANISTAN

I wanted to also ask Secretary McHugh, as you consider shipment back to the United States of equipment, used equipment from theater, I would hope that you would look at all four coasts equally. And if you need additional authority to use the Great Lakes, I would hope that you let me know that. Because, in the past, a lot has not come back through the Lakes, even though we have a very high enlistment rate. And if there is not sufficient authority to use all four coasts, I hope that you will let me know that. I will try to fix it if you don't have the authority.

HELPING THE NEEDY

And that also there be an aggressive effort made by the Department of Defense to look at organizations stateside that need help. Our State veterans homes, for one—everything from beds to kitchen equipment, et cetera. Our homeless veterans shelters, not-for-profits in some of the lowest-income communities in our country that need kitchen equipment, et cetera.

So I just wanted to sensitize you to four coasts and allowing people who need equipment to be aware that it is being offered.

Mr. MCHUGH. I saw your neighbor on your right-hand side, also your neighbor on the Great Lakes, perk up at that. Having represented a Great Lakes district and a Saint Lawrence River/Seaway district for 17 years, I understand your concern and interest.

I will advise TRANSCOM, Transportation Command, of your very gracious offer. They are interested in doing it in the most cost-effective way possible, obviously.

As to the equipment disposal, there is a Federal process whereby we are required to offer excess articles to certain nongovernmental and governmental agencies. A lot of the kinds of things that you mentioned are, frankly, far too expensive to bring back; they cost more to bring back than they cost to buy new.

So I am not sure how many of those articles would be available, but if they are brought back as excess, we do have a way by which we make those available.

Ms. KAPTUR. All right. Very good. Well, I think we have some interest. So thank you very much.

SUBSTANCE ABUSE

I wanted to also just state for the record—and this relates to defense medicine and the condition of our soldiers in terms of suicide, alcohol, and PTSD. Through work that the Department has done with Case Western Reserve and our Army Guard in Ohio, we have learned some very important things. One of the most important is in terms of suicide, that the correlation between alcohol abuse descending into suicide is direct and significant.

And I don't want to spend my time today talking about alcohol abuse, but I would—I am sure you know this, but I just wanted to place it on the table and hope that the Department would do everything possible to identify alcohol abuse and to intervene at that level initially in order to make a difference on the suicide numbers. And I know you have already done—yes, Mr. Secretary?

Mr. MCHUGH. Very quickly.

Absolutely true. And we have seen that in our analysis, as well. And I think the other services would agree.

We would love to have the opportunity to have some folks come over and talk to you about, I think, one of the revolutionary programs the Army has initiated and I have authorized to go Army-wide called CONTREAT, where we encourage soldiers with those kinds of problems to self-report before they get into trouble, to go through treatment, and to have absolutely no negative effect to their record.

Ms. KAPTUR. And their buddies can help a lot, too.

Mr. MCHUGH. Absolutely.

Ms. KAPTUR. The second point—

Mr. CRENSHAW. If the gentlewoman would—would you yield—

Ms. KAPTUR. I would be happy to yield.

TANK MODERNIZATION

Mr. CRENSHAW. She mentioned she would like to associate herself with the remarks. And with all due respect, the question I asked didn't really get answered. I know the chairman wanted to move on, but this whole question of are you going to build more modernized tanks in 2016.

And if they are not enough military sales this year and there is no safety net that we provide as Congress, how much is that going to cost when you decide you are going to start building tanks again? And do you build that in?

And that is the question.

Mr. FRELINGHUYSEN. Well, that will be a rhetorical question, but we would like to have a response.

Mr. MCHUGH. We can provide—we have the analysis, as I think, Mr. Crenshaw—

Mr. CRENSHAW. The initial analysis, you said it would be better go ahead and shut down the line for 5 years. And we argued about whether that cost a billion or not, but you had an analysis that said that is a good way to do it. We thought it would be better to get something for our money, and that is what we have been doing.

Now, if you are telling me now you have a report that says shut down the line for a year and that is still—

Mr. MCHUGH. Well—

Mr. CRENSHAW [continuing]. A better way to do the business than actually have some money in the budget this year to kind of make sure it stays open—

Mr. MCHUGH. Yeah.

Mr. CRENSHAW [continuing]. Is that what you are saying?

Mr. MCHUGH. The analysis I mentioned didn't really deal in 5 versus 3. It dealt with, what does it cost to shut a line down and then reopen it, whether it is 1, 2, or—

Mr. CRENSHAW. One year or 5 years?

Mr. MCHUGH. Yes, sir.

Mr. CRENSHAW. So if it cost a billion dollars per year, that is still a better use of the taxpayers' dollars?

Mr. MCHUGH. That has been our analysis when we meet our acquisition objective. And the minimum sustainment rate for the manufactured tanks is 12 tank equivalents per month. We are talking billions of dollars that we simply don't have to spend on something we don't need, is our point.

Mr. FRELINGHUYSEN. Ms. Kaptur reclaims her time for 15 seconds. Then we go to Mr. Cole.

PTSD

Ms. KAPTUR. Thank you, Mr. Chairman.

I wanted to place important information on the record relating to PTSD. And we in Ohio have been very involved with the Department in doing a longitudinal study of over 3,000 Ohio Guard members upon return, especially from Iraq and Afghanistan, and here is what we found. Fifty percent of soldiers were entirely resistant. The other half had various levels of symptoms: 36 percent had mild symptoms; 11 percent, chronic, mild, and persistent; and 3 percent, very debilitating.

But what we learned was that if more attention was paid at the enlistment level to the following factors, we could identify the most susceptible. And these are the categories: those enlistees who come from families with less than \$40,000 in income; who have an education of high school, GED, or less; who have had more than 10 traumatic experiences prior to enlistment in the military; they have spent most of their time in Iraq and Afghanistan; and they had no insurance at the baseline.

So I just think that the work that Case Western has done with the Ohio Guard is extraordinarily important in identifying subgroups that we should focus on within the military.

Ms. KAPTUR. And I thank the chairman.

Mr. FRELINGHUYSEN. Ms. Kaptur is requesting you take a close look at that report, and I am sure you will do it as a result of the discussion.

The gentleman from Oklahoma.

IRON DOME

Mr. COLE. Thank you, Mr. Chairman.

Recently, with the chairman of our whole committee, I had the opportunity to go to Israel and see—we not only sustain our industrial base, we help some of our friends sustain their industrial base and get something back in return. And I think one of the better investments, it appeared to me, that we have made was in Iron

Dome. And we went to the company that manufactures it, also went and saw it deployed in the field.

And I was just curious, you know, are the technology benefits coming back to us? And what are the things we are doing to harvest that and make sure that, you know, if our friends have developed something that is capable and robust and that we have helped finance and deploy—and let me tell you, the gratitude was tremendous about what the United States had done in this case.

I just am curious what we are doing to make sure that we get whatever benefit out of the investment that is appropriate for us, as well.

Mr. MCHUGH. Well, we try to do just that, not just with the Israelis but all of our Tier 1 partners. And I think there is a sense of shared best practice. There does at times get into the consideration of industrial jealousies, et cetera, that we try to work through.

As to Iron Dome, we have had pretty robust opportunity to analyze it. It certainly seems to meet the Israelis' needs very, very well. We didn't, the last I checked, find a lot that we could harvest out of it.

But having said that, the fact that we had the chance to sit down and work with our Israeli partners was very, very important and appreciative. And, as you said, Mr. Cole, they have been enormously grateful for the support that they have received from us, and I don't think we could ask for better cooperation.

Mr. COLE. Thank you very much.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Cole.

Yes, Mr. Visclosky.

REGIONALLY ALIGNED FORCES

Mr. VISCLOSKY. Thank you, Mr. Chairman.

First of all, Secretary and General, I would very sincerely and seriously associate myself with the observations that Ms. Kaptur made relative to transport in the Great Lakes. Too often, people forget States like New York or Minnesota or Indiana or Ohio or places are actually a fourth seacoast, and would hope that people do note that fact.

I would, just in the time I have, want to say that I support your efforts as far as your regionally aligned forces. Since our standing military is going to be smaller, I do appreciate that you are looking for innovative, low-cost, small-footprint initiatives to work with others relative to counterinsurgency.

I particularly am pleased with the Department's decision on increasing assistance relative to going after the Lord's Resistance Army. I understand that you have, if you would, for these partnerships, protected that program in the 2015 budget.

Might you just briefly for us explain where in that budget request those types of items would appear and we could look for them?

General ODIERNO. Oh, the State Partnership Program, is that—

Mr. VISCLOSKY. Yes.

General ODIERNO. Yeah. So we have increased 27 percent.

Mr. VISCLOSKY. Well, not just that, but for all of—in general, the partnership capabilities that you have.

General ODIERNO. Okay.

So, first off, what we have done under regional line forces is—there are several things. First, we have some baseline activity in our budget, our O&M budget, that allows us to conduct regionally aligned force activities, whether it be in support of NATO, whether it be in Africa, et cetera.

But the other thing we have found when we ran the pilot in Africa, that out of the \$98 million that were spent last year, only \$4 million came out of the Army budget. We found \$94 million in other pots of money within DOD and the State Department that we were able to leverage in order for us to support efforts in building partner capacity as well as other activities that we have conducted.

And so what we are doing is we are leveraging the moneys that have been allocated across the Department of Defense as well as the Department of State to execute this. And we believe we can continue to do this. There are funds set up specifically to go after these kind of missions.

And so we will fund some minor portions of it out of the Army O&M, but we will try to utilize these other budget capabilities that are specifically targeted towards building partner capacity and developing other countries' militaries. And we are using that as our funding to do this, and we have been very successful so far in doing it.

Mr. VISCLOSKY. Army's resources, is that a line item, or is that dispersed throughout your—

General ODIERNO. I would have to get back to you specifically what it is.

Mr. VISCLOSKY. That would be fine. Thank you very much.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. It is substantial, though.

Judge Carter.

ASIA PACIFIC REBALANCE

Mr. CARTER. Thank you, Mr. Chairman.

Recently, in fact yesterday evening, we had a discussion about PACOM. And looking at that map, it sure as heck looked like the Pacific theater in World War II, as far as the area we are talking about. And the President and the administration have announced a shift to that area.

So, General Odierno, I am well aware of what we have in Korea and what we are doing in Korea, but as you look at PACOM and the possible needs and involvement of the Army, I would like your opinion as to what you think—and the Secretary's opinion—about what you think our Army involvement potentially could be in PACOM.

General ODIERNO. Yeah. So we have 80,000 soldiers—Guard, Reserve, Active Component—assigned to Pacific Command. And so, as I said, 20,000 of those—and we have 60,000 that are conducting missions throughout many different areas in the Asia-Pacific region.

You know, we have five treaty allies—South Korea, Japan, Thailand, Philippines, Australia—that we are working very much with.

On this issue of partnership activities to facilitate U.S. relationships, gain access, provide security for global commons, and support some of our contingency planning, we are looking at where we put prepositioned stocks, not only to meet a range of activities, from humanitarian assistance support all the way up to supporting potential deployments of forces in the Asia-Pacific region—so it is a wide variety of engagements that we are conducting.

And just to give you an example, we just did a joint airborne operation with the Thai Army, for example. We just did a humanitarian assistance exercise with the Chinese in Hawaii.

So there are activities such as this that we are doing to build confidence, to build our relationships, to build familiarity, which helps us in developing our security activities throughout the Asia-Pacific region. And that is what we are going to continue to do. It is a significant commitment that the Army is making in this area.

Mr. MCHUGH. Could I just add, you know—and I think it is understandable. People talk about the Pacific, and you immediately think of a lot of ocean and a lot of sky. But the reason people are interested in those oceans and sky is because there are a lot of people who live around them.

There are 36 nations in the Pacific region. Of those, 27 have military. And of those 27, 26 of them, the army is the largest of their militaries. And of those 27, 20 of the defense chiefs are army officers. So, however we view it, the Asian nations of that region view their army as their principal actor in military matters.

And while we always have to think about conflict and going to war, our main purpose, particularly in that theater, is to prevent and shape, to work with partners and build partnership capacity. And there, I would argue, the Army is better postured in terms of ability to work with other nations than perhaps any of the other services.

So we think we have a very important part. And the PACOM commanders—Admiral Sam Locklear, who I understand was with you yesterday, was with the SASC a day or 2 earlier, I think would be one of the first to validate that.

Mr. FRELINGHUYSEN. Okay. I think he did validate that.

The gentleman from New York, Mr. Owens?

Thank you, Judge.

ASIA PACIFIC REBALANCE

Mr. OWENS. Thank you.

First of all, certainly, we would like to see Saint Lawrence Seaway used for the repatriation of those items.

I want to go back to this whole PACOM area. I am assuming that the analysis that you have applied has led you to the conclusion that China is the next emerging, if not emerged, superpower, and that in order to have that deterrent effect, therefore we have shifted our position toward Southeast Asia.

Is that a fair analysis?

Mr. MCHUGH. Well, certainly, China is an emerging military and economic power. And I don't know that one needs to do a lot of analysis on that.

But the pivot to the Pacific is really based on a broader range of considerations. I mean, if you look at India, another very major emerging power. And if you look at where the great economic interests of this Nation lie and where we want to do everything we can to promote peace and security, the Pacific would seem to be a good place to start.

Clearly, there are security challenges there. We have already talked about Korea, and I know the Chief has spent some recent time in China trying to build relationships with their military and their army, and we want to continue to do that. But it does posture us to better, we hope, productively and cooperatively engage with China.

Mr. OWENS. It would also be logistically somewhat difficult to move large numbers of troops in and around that region, I would think.

General ODIERNO. Yeah, I think, again, I think, obviously, the distances involved make it very difficult. So that is why it is important for us to posture certain capabilities there that allow us to do that.

Again, I would focus on, I think in the Asia-Pacific region it really is about protecting our economic interests. And what we want to do is have a balanced approach to the Asia-Pacific region that allows us to continue to move forward economically, that helps to keep us as a strong Nation. And so what we are trying to do is develop strong relationships, to build partnerships that allow us to sustain and would make everyone realize that we are a Pacific power.

The Asia-Pacific region is very important to the United States. It is important to us, as the Secretary said, economically, and it important to us to sustain stability.

So this is not about having another cold war; this is about sustaining a level of stability that allows to continue to develop economically as we continue to increase significantly our trade in the Pacific region. And I think it is about that: preventing conflict and shaping the environment for us to continue to grow in strength as a Nation economically.

And that is the strategy we are putting forward by building partnerships, by having access, in order to prevent conflict in the future. And I think that is what we are trying to do.

PREPOSITIONED EQUIPMENT

Mr. FRELINGHUYSEN. And may we add also, if the gentleman would yield, the prepositioning of assets which are highly important and do represent a substantial contribution to stability and are recognizing our continued interest in the area.

Mr. OWENS. Thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Owens.

Ms. Granger.

ACTIVE AND RESERVE COMPONENT MIX

Ms. GRANGER. In 2011, the Air Force proposed a plan that was opposed by the National Guard and also the Governors. And the Congress really didn't appreciate or respond very well to that plan.

It now appears that the Army is attempting a very similar tactic. So, given the Guard's critical role, both domestically and internationally, I am concerned that the Army's proposal ignores not only the concerns of the Governors but also the concerns of a seated member of the Joint Chiefs of Staff.

So I would like to know what you are doing to work with the Guard and our Governors to incorporate changes that will enable them to support your plan. And have you incorporated any of the Guard's suggestions or alternatives?

Mr. MCHUGH. If I may just open with a few comments.

I think there are enormous differences between the path the Air Force took and the path we took. First of all, the Air Force began with cuts against the Guard. The Army has, for the last 2 years, totally immunized the Guard from cuts while we have taken substantial reductions across the board. And that was to protect the operationalized aspects of that Guard that we have built. I mean, this wasn't forced upon us. We have built over the last 13 years, and we want to continue to sustain.

The other is, unlike the Air Force, we engaged the professional staff members here on the Hill, kept them fully informed. I am not suggesting that means everybody buys into it. But I think when the Air Force hit the street with their proposal, it was a surprise to a lot of people. Again, we didn't do that, and we did involve the Guard in the discussions from day one.

So I will let the Chief—again, not that they agree with it, necessarily, but they were involved.

Chief.

General ODIERNO. As we looked at this proposal, this is about what is best for the Army. And we are very cognizant of the role the Guard and Reserve plays, and that was taken into consideration as we made these recommendations.

I would also say that, again, comparing it to the Air Force, the Air Force has 70 percent of their structure in the Active Component and only 30 percent in the Guard. The Army in 2012 was about 51 percent to 49 percent, Active to Reserve. When we finish this, we are going to be 54 percent Reserve and 46 percent Active, so we have taken the majority of the cuts out of the Active. So it is a very different situation.

We recognize the importance of the Guard and Reserve. This is not about the Guard versus the Reserve—I mean, the Active versus the Guard. This is about coming up with the right balance.

And we recognize the fact that the Active Component is more expensive, so we have taken a significantly more—majority of the cuts out of the Active Component. We have done that. But it comes to a time where, based on what we believe we need to execute our defense strategy, we can't go any lower in the Active Component, so we have had to take some out of the Guard. And the budget is driving us to those decisions.

We understand that we have to have the right integration and the right capabilities and depth that the Guard provides us, that the U.S. Army Reserve provides us. It is critical to what we are doing. And I think the Secretary and I have recognized that in the budget submission. We recognize the importance.

What we can't do is maintain structure that we can't sustain at the right readiness levels. So we have gone to the lowest level we can in the Active. We want to take a little bit out of the Guard, because we want them to stay in operational reserve. We do not want them to go back to a strategic reserve. And I worry, if we keep too much structure in the Guard, they will end up being a strategic reserve because we can't fund the training that is necessary.

Ms. GRANGER. Did the Guard—I understand they presented several alternatives. Did you consider the alternatives?

General ODIERNO. We absolutely did. I don't want to debate that here, but in their alternatives, in some cases, it actually increased the size of the Guard. And so it was difficult, but—

Mr. FRELINGHUYSEN. Okay. Maybe we will leave that discussion for a future date, but, certainly, the Members have a keen interest.

Moving towards the finish line, Mr. Ryan and then Ms. McCollum, and then we may be towards an adjournment.

Thank you.

UKRAINE AND RUSSIA

Mr. RYAN. Thank you, Mr. Chairman.

Just a brief question, as we are all concerned with what is happening in the Ukraine and Russia. Should the Russians continue to move aggressively in that region and in the Ukraine and NATO would have to respond, for example, what would that mean for the United States Army?

General ODIERNO. Well, I can't comment on the decisions that—what I have to make sure is we are prepared. So my responsibility is to make sure that the U.S. Army is prepared to respond as part of a joint force as part of NATO. So I have to make sure that we ensure that we are ready if asked. The decision for us will be external to that.

So what I am focused on is improving our readiness in combat, combat service support and combat aviation capabilities, to make sure we are ready to respond, whether it is from a humanitarian assistance aspect or any other aspect. And that is what I am focused on now.

Mr. RYAN. What would the number be? I see we have 28,000 soldiers in Europe, 940 in the Balkans. What would our commitment level be, do you think?

General ODIERNO. Well, I simply don't know.

And I would just remind people that, actually, some of the soldiers that are assigned to Europe right now are in Afghanistan.

So it just depends on what they would ask us to do. But we would take the whole CONUS Army and whatever else, depending on what we are asked to do, we will take capabilities from across the Army to go after the problem.

Mr. RYAN. Okay.

Mr. FRELINGHUYSEN. Thank you, Mr. Ryan.

Ms. McCollum.

READINESS

Ms. MCCOLLUM. Thank you.

And to go to the issue of readiness, the President had proposed \$56 billion in additional spending above the Murray-Ryan budget for 2015, and that was paid for with tax reforms and mandatory spending cuts. So about half of the \$56 billion would have gone to nondefense spending, and that would have about \$28 billion for defense spending broadly across, you know, several bills.

So it was envisioned that part of the Army's piece of this account would have been about \$7.5 billion, and \$4.2 billion was for operation and maintenance accounts. And some of the proposals were to go towards readiness enhancements of all services, including \$600 million in training and other readiness-related increases for the Army.

So could you describe a little more about some of the projects and activities that you would have been able to include in the Army's portion of this?

And given the fact that readiness is one of your highest priorities, can you also say maybe why some of these activities were left in this proposal? Or are they just really, you know, the extra deluxe that you would like to see our Army have for readiness?

Mr. McHUGH. If I may start, Ms. McCollum.

This Opportunity, Growth, and Security Initiative is the President's I think laudable attempt to try to work with Congress to increase, of course, in DOD's case, the top line by, as you correctly noted, over \$26 billion.

For the Army, I wouldn't say it was a luxurious thing, but it would allow us to recover our readiness and to do some—to restore what is called our ISM, our investment and sustainment moneys, for our facilities to a more historic target of about 90 percent.

So, while we think it is very, very important money, it allows us, most importantly, to regain readiness more quickly than we can under the 2015 plan that was adopted under the bipartisan budget agreement. It would be very, very positive news for this Army.

TRAINING AND INSTALLATION READINESS

General ODIERNO. Yeah, I would just—this is essential readiness funding. We do not have the funding to sustain the level of readiness we think is appropriate for the Army under the current budget, but this would improve our readiness more. It would give us more readiness number to ensure our aviation is more ready, our combat brigades are more ready, our combat service support.

But, also, it has to do with our installations. We are only funding about 50 percent of our installation needs now in readiness. And that gets to family program—we are fully funding family programs, but it gets to ranges which we are not able to sustain or upkeep. It gets to some of our equipment that we are not able to sustain or upkeep.

So this additional money allows to us to fund that which we think is the appropriate level of readiness necessary to sustain the readiness over the long term in the Army.

Ms. MCCOLLUM. Thank you, gentlemen.

Mr. FRELINGHUYSEN. Thank you very much, Ms. McCollum.

Gentlemen, Mr. Secretary, General Odierno, thank you for your testimony this morning and—I should say, this afternoon. And we

look forward to getting the OCO portion to us sooner rather than later.

And on behalf of the entire Committee, we thank you for your leadership and the men and women you represent who honor us by their service every day.

We stand adjourned.

General ODIERNO. Thank you, Mr. Chairman.

[CLERK'S NOTE.—Questions submitted by Mr. Rogers and the answers thereto follow.]

AISR ASSETS

Question. What are the Army's plans for manned, fixed wing AISR assets in Afghanistan?

Answer. Our commitment to the Soldiers deployed to Afghanistan remains paramount. We continue to provide our Soldiers and Commanders the tools they need to accomplish their mission. The Army currently provides a fleet of 34 fixed-wing and 14 unmanned aerial vehicle (UAV) platforms to Afghanistan. Down from a peak of 110 manned OEF/OIF platforms in 2008, the current Aerial Intelligence, Surveillance, and Reconnaissance (AISR) Fleet includes the platforms and sensors necessary to support the force in this critical year of transition.

Should U.S. Forces be sustained at any level past 2015, the Army has been tasked to be prepared to sustain the following platforms and associated sensors, while the rest will be withdrawn:

- 2 x Highlighter (B200 with Airborne Change Detection)
- 2 x Night Eagle (B200 with FMV Change Detection)
- 8 x Medium Altitude Reconnaissance and Surveillance System (MARSS) (B300 with SIGINT and FMV)
- 4 x Saturn Arch (DHC-8 200 with Hyper Spectral Imagery)

As the bulk of the AISR assets are withdrawn, those designated as enduring will remain in Army's AISR Fleet. Those assets not designated as enduring in program of record will be divested from the Army's AISR Fleet in accordance with Headquarters, Department of the Army (HQDA) G-3 directives.

In accordance with the Army's AISR 2020 and Beyond Strategy, which was approved by the Army Requirements Oversight Council for Non-Standard Equipment ISR, the Army will:

- Enhance 14 x RC-12 Guardrail Common Sensor (GRCS) X Models with full motion video and eliminate 28 x legacy GRCS Systems
- Modernize the 9 x existing EO-5C Airborne Reconnaissance Low (ARL) with improved sensors and a sustainable platform
- Modernize the Enhanced Medium Altitude Reconnaissance and Surveillance System (EMARSS) by leveraging and combining 12 OCO-procured quick reaction capability (QRC) aircraft and 8 Liberty Project Aircraft with 4 base-procured EMARSS platforms to meet the program requirement of 24 total systems
- Integrate the best of the proven QRC sensors to provide high-demand capabilities to satisfy unique Department of Defense (DOD) directed requirements

This fleet of 52 aircraft (accounting for 5 training aircraft) will provide the Army and DoD with a standardized mix of platforms and a diverse set of sensor technologies by capitalizing on OCO investments and migrating best-of-breed sensors and QRC aircraft into programs of record.

The Army recognizes the committee's concern regarding the Army's plans for manned, fixed wing AISR assets in Afghanistan. We are confident in our strategy and look forward to continuing our work with Congress to sustain the best AISR platforms and sensors for our Army. A more detailed explanation of our strategy accompanied the plan submitted to the congressional defense and intelligence committees as directed by Senate Report 112-173, dated June 4, 2012. While minor changes have occurred since submission (e.g., the Army's intention to accept Liberty Project Aircraft into the Army's AISR fleet), we remain on plan and prepared to provide a detailed update to Members of Congress and/or their staffs at any time.

Question. Is the Army concerned about a potential capability gap that may emerge during the shift to government-owned platforms?

Answer. No, the Army is not concerned with any potential capability gaps that may emerge during the shift to government-owned platforms. The Army's Aerial Intelligence, Surveillance, and Reconnaissance (AISR) 2020 strategy will allow the Army to maintain the most capable and relevant platforms and sensors as we mi-

grate the best-of-breed from quick reaction capabilities (QRC) into programs of record (POR) without compromising capabilities in the current fight.

The Army's AISR 2020 strategy meets the directives received from the Secretary of Defense Planning Guidance, the Department of Defense Consolidated Intelligence Guidance, and the Army Requirements Oversight Council for Non Standard Equipment—Intelligence, Surveillance, and Reconnaissance (AROC for NSE-ISR). Based upon those directives, the following sensor capabilities will be retained by the Army and transition to a POR. We will experience no capability gaps during the transition.

- Wide Area Motion Imagery (Constant Hawk)
- SIGINT (Med Altitude Recon. and Surveillance System (MARSS))
- Light Detection Ranging / Foliage Penetration (LIDAR/FOPEN)
- Ground/Dismount Moving Target Indicator (GMTI/DMTI (VaDER))
- Hyper-spectral Imagery (HSI (Saturn Arch))
- UHF Synthetic Aperture Radar (SAR) (Desert Owl)
- High Definition EO/IR FMV (multiple platforms)

The Army Aerial ISR 2020 Strategy will move the Army toward the following objectives:

- Enhance 14 x RC-12 Guardrail Common Sensor (GRCS) X Models with full motion video and eliminate 28 x legacy GRCS Systems
- Modernize the 9 x existing EO-5C Airborne Reconnaissance Low (ARL) with improved sensors and a sustainable platform
- Modernize the Enhanced Medium Altitude Reconnaissance and Surveillance System (EMARSS) by leveraging and combining 12 OCO-procured QRC aircraft and 8 Liberty Project Aircraft with 4 base-procured EMARSS platforms to meet program requirement of 24 total systems
- Integrate the best of the proven QRC sensors to provide high-demand capabilities to satisfy unique DOD directed requirements

We will migrate the best-of-breed sensors to POR and apply them to the AISR fleet above to provide the Army the best possible AISR Fleet.

The Army recognizes the committee's concern for potential capability gaps, but we are confident in our strategy and look forward to continuing our work with Congress to sustain the best AISR platforms and sensors for our Army. A more detailed explanation of our strategy accompanied the plan submitted to the congressional defense and intelligence committees as directed by Senate Report 112-173, dated June 4, 2012. While minor changes have occurred since submission (e.g., the Army's intention to accept Liberty Project Aircraft into the Army's AISR fleet), we remain on plan and prepared to provide a detailed update to Members of Congress and/or their staffs at any time.

Question. Given this significant rebalancing of the AISR fleet and the need for a mix of assets with a range of capabilities, on what assets will the Army rely for tactical Brigade-level AISR?

Answer. The Army's tactical Brigade-level Aerial Intelligence, Surveillance, and Reconnaissance (AISR) is primarily satisfied through the organic Unmanned Aircraft Systems (UAS), which are part of a larger strategy to provide assured, organic UAS support from Platoon to Division. UAS at each echelon enables improved situational awareness and decision-making for our ground commanders.

The RQ-7B Shadow UAS supports our Brigade Combat Teams and Special Forces Groups. At Battalion level and below, the Army relies upon the hand-launched RQ-11B Raven and the RQ-20A Puma systems.

At the levels of Brigade and below, the emphasis is upon Reconnaissance, Surveillance, and Target Acquisition. The organic UAS systems enable tipping and queuing between full-motion video and signals intelligence collectors. The result is improved shared situational awareness from limited post-mission exploitation.

Platforms and sensors at the levels of Division and above provide additional and advanced sensors, fusion, and detailed exploitation that builds on and expands the shared situational and target awareness.

[CLERK'S NOTE.—End of questions submitted by Mr. Rogers. Questions submitted by Mr. Kingston and the answers thereto follow.]

HMEE

Question. Since it was first fielded in 2007, the HMEE has expanded beyond traditional Engineer missions of Survivability, Counter-mobility and Mobility-into Route Clearance and the machine has become the engineering jack of all trades. The Army is confronted with the requirement to replace the M9 Armored Combat Earth-mover-which may be cost prohibitive in this environment. There are many advantages to considering HMEE since the M9 ACE is not critical dual use for the Na-

tional Guard, whereas HMEE is And, HMEE is more deployable (air droppable from C-17) and it is self-deployable and can travel in excess of 60 mph even with armor protection. Should the US Army use High Mobility Engineering Excavator as a next replacement for the M9 ACE? Since the system is a Critical Dual Use (CDU) platform employed the Army National Guard to provide Defense Support to Civilian Authority (DSCA) as part of its Homeland Defense missions, wouldn't this capability make the HMEE the most cost effective and logical choice for both the Active and reserve component?

Answer. There is currently no requirement to replace the M9 Armored Combat Earthmover (ACE). However, the Army acknowledges significant sustainment costs for the ACE and is in the very early stages of exploring potential alternatives. The Office of the Chief of Engineers conducted a preliminary analysis of courses of action to upgrade the ACE for the Commandant, United States Army Engineer School (USAES). Since then, the USAES Commandant has asked the Maneuver Support Center of Excellence to prepare a requirements document for the future ACE replacement. A robust and formal Analysis of Alternatives that considers costs and operational requirements will be conducted in conjunction with the development of a requirement for a replacement system. At this early juncture, it would be premature to determine whether the High Mobility Engineering Excavator, or other existing or developmental system, would best meet these emerging requirements.

[CLERK'S NOTE.—End of questions submitted by Mr. Kingston. Questions submitted by Mr. Calvert and the answers thereto follow.]

SHAPE OF THE FORCE

Question. Currently the U.S. has 770,000 Defense civilian personnel vs. 1.3 million Active Duty Military personnel—that is 1 civilian for every 1.79 Active Duty Military personnel. It is the most disproportionate ratio between Defense civilians and Active Duty dating back as far as 1949. In 2010, the Defense Business Board recommended to direct Defense civilian reductions back to FY 2003 levels or 15% whichever is greater. In 2003, we had 636,000 Defense civilian personnel vs. 1.4 million Active Duty Military personnel—that is 1 civilian for every 2.25 Active Duty Military personnel. According to the testimony, Army Civilians will reduce from 285,000 to 263,000 by the end of FY15, just under 8%. Do you believe these reductions will result in the right mix of civilian and Active Duty personnel across the Army? Please provide a detailed explanation to your response.

Answer. The Army is resetting the entire force from that needed to fight two foreign wars, amid massive fiscal reductions. This requires a broader strategy that links functions, funding, priority and manpower to produce the workforce of the future—one that fully supports and focuses on a generation of trained and ready combat units, rather than a strategy of fair-share percentage reductions. Every single function and classification of personnel (civilian, contractor, military) is going to be affected in some way as we obtain balance of capabilities within resources.

We are in the process of drawing down our Civilian Workforce from a wartime high of 285,000 in FY10 to 263,000 by the end of FY15, and if necessary we will make additional cuts commensurate with military reductions projected through FY19.

This civilian reduction takes into account not only the fiscal realities in which we now find ourselves, but also the reintegration of Soldiers from the Operational Army back into the Institutional Army, while reducing military end strength.

The Institutional Army must reabsorb Soldier authorizations; analyzing every function to determine which positions can or should be performed by military and which should be civilian. And, all of this must be done not only from a cost perspective, but with readiness as the primary concern.

Any reductions or conversions that are made—civilian, contract or military—will be consistent with applicable laws and policies.

The Army is also addressing investments made in key areas such as cyber, intelligence, and health of the force.

This rebalancing effort will require multiple changes as strategic decisions are made. Force structure changes, unit basing and operational activity will be key to informing future needs (as will funding levels).

AH-64 APACHE

Question. General Odierno, the National Guard Association has voiced several of their concerns over this latest proposal of taking the AH-64 Apaches from the National Guard's fleet, including the following: (1) the National Guard will lose attack and aerial reconnaissance capabilities, (2) the Total Army will lose some of their most experience Apache pilots and maintainers, and (3) this proposal would elimi-

nate a place for Active Component pilots and maintainers to serve should they leave active service. How would you respond to each of these concerns?

Answer. First, the transfer of AH-64s from the National Guard to the Active Armed cannot be viewed in isolation, and, instead, must be seen as a part of a larger effort to simultaneously reduce structure and increase the warfighting capabilities of the Army. The Aviation Restructure Initiative (ARI) enables the Army to retain critical structure, maintain modernization programs, and sustain the force in the current fiscal environment. In the absence of the Army's ability to procure a new Armed Aerial Scout helicopter, the way ahead under ARI was chosen because it optimized combat power at the lowest risk given the budget available and requirements of combatant commanders.

Under the ARI, the Army will eliminate three complete Aviation Brigades from the Active Component (AC), divest all remaining OH-58Ds from the fleet and transfer all AH-64Ds from the Army National Guard (ARNG) to the AC. Currently, an ARNG Aviation battalion is funded to maintain platoon proficiency and requires one to two years notice and approximately 70 training days at the mobilization station prior to being ready to deploy. An ARNG AH-64 battalion simply does not have enough collective training days to operate and satisfy mission requirements to support an AC multi-component brigade. In most cases, they are geographically located too far away from AC bases and their training schedules do not match in order to conduct critical joint training. Additionally, the ARNG currently does not have Shadow Unmanned Aircraft Systems (UAS) platoons organic to their AH-64 battalions to conduct Manned-Unmanned Teaming (MUM-T) collective training in order to be proficient enough to rapidly deploy for short-notice, world-wide contingency operations. ARNG AH-64 battalions would be required to take additional training days to conduct MUM-T training with Shadow platoons at the mobilization station. These Shadow platoons are in short supply in the AC and may not be available to participate in 90-120 day mobilization training along-side ARNG AH-64 battalions.

The ARNG counter proposal to keep six AH-64 battalions would cost the Army an additional \$4.425 billion in one-time equipping costs. Furthermore, the ARNG AH-64 battalions will have only 18 out of 24 AH-64s assigned which would require them to pull aircraft from other units possibly rendering their Fully Mission Capable (FMC) rate too low to deploy. Transferring the AH-64s to active duty would avoid this situation and mitigate the risk of not being able to provide the commander on the ground essential attack/reconnaissance capabilities in a rapid manner. Active Component units are funded at battalion/brigade level proficiency and have more resources and collective training days to keep their Attack/Reconnaissance pilots fully trained and ready for deployment on short notice to meet world-wide critical mission requirements.

It should be noted that UH-60 and CH-47 aircraft are essential for Air Assault, Air Movement, and Intelligence, Surveillance and Reconnaissance (ISR) combat operations. In Afghanistan, UH-60 medical evacuation (MEDEVAC) aircraft and crews are carrying out heroic rescues on the front lines of combat. The Army strategy will provide AC AH-64 battalions to be available to deploy with RC Aviation Brigades when required. Army National Guard Aviation is, and will remain the most capable and experienced in disaster relief and should be the force of choice for disaster relief and humanitarian aid (Haiti, Pakistan, Philippines, Colorado, East Coast, Gulf Coast, Tornado Alley). Army National Guard Aviation Brigades will have an AC AH-64 battalion aligned (Multi-compo solution) for non-permissive or hostile environments. Active Component AH-64 Battalions will be aligned to RC Aviation Brigades for training (Multi-compo solution).

The ARNG will provide their AH-64 pilots and maintainers every opportunity to transition to a new aircraft as a result of a unit conversion or transfer to another existing unit. In some cases, there may be opportunities for highly skilled ARNG AH-64 Instructor Pilots and Maintenance Test Pilots to apply for a position in the Active Component under a limited call to active duty program. The ARNG is planning to ensure 100 percent of their personnel impacted by ARI are accounted for through aircraft transitions, unit conversions, transfers to other units, and a small percentage through retirements and ordinary attrition. The skill sets and experience achieved by ARNG personnel in the Attack/Reconnaissance units, or AC personnel transitioning to the ARNG, will easily transfer and be very beneficial to CH-47, UH-60, UH-72, and Fixed Wing units. It is not unusual for ARNG pilots to be qualified in multiple airframes due to turbulence within their civilian careers and a state need to fill unit vacancies.

[CLERK'S NOTE.—End of questions submitted by Mr. Calvert. Questions submitted by Mr. Cole and the answer thereto follow.]

PATRIOT

Question. The Patriot system appears to be in high demand around the world. Please tell us a little about the threat and demand, as well as the requirements to modify and modernize the Patriot system and the timeline for that. Why are those modifications important?

Answer. Patriot is in high demand from our combatant commanders and from our Allies, not only to support their warplans, but also as a flexible deterrent and strategic message to our common adversaries. These demands currently stress the Patriot force and if not managed carefully, may over exceed the ability of the US Army to generate forces to continuously meet all commitments. While the Patriot system remains proven and capable, modernization is necessary to counter modern threat technology and techniques, and to achieve maximum effectiveness and efficiency.

The threat is increasing in capability, complexity, and quantity. To counter the evolving threat, the Patriot system must be upgraded and sustained. The FY14 President's Budget contained finding for modifications and modernization efforts necessary to increase Patriot's capability against threats now and in the future. Planned Patriot upgrades include software upgrades and a more powerful Radar Digital Processor (RDP). The RDP provides the increased memory and computational capacity needed to provide capability against current and emerging threats. RDP additionally pairs with the latest software build, Post-Deployment Build 8 and with the newest Patriot Missile, Missile Segment Enhancement, to synergistically improve Patriot's overall capability.

The Patriot Modernization Acquisition Strategy addresses modification and modernization program efforts implemented for incremental improvements of the Patriot Weapon System. Modification is defined as near and mid-term (FY14–FY19) updates to existing hardware and software. Modernization is defined as long-term (FY20–FY27) lower tier, air and missile defense, protection requirements and development of the next generation lower tier air and missile defense capability. Modification and modernization improvements are necessary to meet performance requirements against evolving threats based on the requirement to remain viable for the US Army and Coalition Forces through 2048.

To fully leverage Patriot capabilities and defeat the full range of threats, the Army's plan is to integrate our Air and Missile Defense (AMD) portfolio of systems as nodes within a larger Integrated Air and Missile Defense (IAMD) network. The Integrated Air and Missile Defense Battle Command System (IBCS) is scheduled to begin fielding in FY18. Networked IAMD mission command provided by IBCS will enable more efficient and effective use of Patriot sensors and interceptors in future engagements.

Question. Do you have enough PAC-3 and Missile Segment Enhancement (MSE) missiles or are more required for the various threats we face?

Answer. Patriot PAC-3 is the Army's primary missile defense system to protect U.S. forces, allied forces and key assets from Tactical Ballistic Missiles, as well as Air and Cruise Missile threats. When the Army incorporates Missile Segment Enhancement (MSE), beginning in FY15, Patriot will be able to engage at greater altitudes and ranges. MSE production will ultimately replace PAC-3 and older legacy missiles and only recently commenced at its initial low rate of production (limited deliveries in FY15). An increase over the currently planned production is most likely needed to backfill the natural obsolescence of the PAC-2 Guidance Enhanced Missile (GEM) family and to counter the increasing threat. However, the Army must balance modernization, readiness and acquisition requirements within the current budget. Given these constraints, we believe we have the right balance for air missile defense. Calculating an estimate of our missile needs is a continuous process, supported by modeling and simulation. Army PAC-3/MSE needs are defined by an Army Acquisition Objective which the Army continues to purchase toward. This estimate considers threat analysis from the intelligence community, along with combatant command warplans.

AMPV

Question. This replacement is the Armored Multipurpose Vehicle (AMPV) correct? I am informed that Under Secretary Kendall has twice reviewed the AMPV acquisition program and solicitation, and has deemed this program "Full and open Competition." What is the current AMPV acquisition timeline? Is it in competitive sourcing right now? How important is the AMPV program to the Department of Defense?

Answer. AMPV is the Armored Multi Purpose Vehicle. Undersecretary of Defense Frank Kendall has reviewed the AMPV program and solicitation in detail, as the program is under direct OSD oversight.

The Army released the AMPV Request for Proposals (RFP) on 26 November 2013 and is currently in competitive sourcing. The AMPV RFP closing date is scheduled for 28 May 2014, following a 90-day extension granted in January 2014 in response to industry request. The Army plans to award an Engineering, Manufacturing, and Development (EMD) contract in second quarter Fiscal Year 2015 (FY15) with Low-Rate Initial Production (LRIP) projected in FY19. The Army will open negotiations to accelerate the LRIP to FY18 once the Army selects a vendor and we have evaluated the technical risks of doing so.

The AMPV RFP provides for full and open competition to find the best value solution for the Army's needs. The analysis of alternatives examined 115 candidate vehicles, both tracked and wheeled. Additionally, the 656 requirements in the AMPV solicitation are tiered to allow industry to make more flexible design trades on any potential vehicle proposed. The Army has continuously engaged with industry, to include holding two industry days in which a total of 112 companies participated. The Army also released all Government owned technical data required to use the Optional Exchange Vehicle in some manner and released two draft RFPs to understand and incorporate vendor feedback on the AMPV requirements to ensure a robust competition. Additionally, Government extended the solicitation due date by an additional 90 days to allow for proposal refinement.

The AMPV program remains the highest priority developmental effort in the Army combat vehicle portfolio. The current fleet of M113 vehicles has become operationally irrelevant due to the lack of protection, mobility, and survivability necessary to fight within the Armored Brigade Combat Team. The Army must balance the need to expeditiously replace its aging fleet of M113s against overall portfolio affordability constraints.

Question. What is the current AMPV acquisition timeline? Is it in competitive sourcing right now?

Answer. The Army released the Armored Multi Purpose Vehicle (AMPV) Request for Proposals (RFP) on 26 November 2013 and is currently in competitive sourcing. The AMPV RFP closing date is scheduled for 28 May 2014, following a 90-day extension granted in January 2014 in response to industry request. The Army plans to award an Engineering and Manufacturing Development contract in second quarter Fiscal Year 2015 (FY15) with Low-Rate Initial Production projected for FY19.

Question. Now that GCV is terminated, what is the Army's plan for accelerating the AMPV program IAW Congressional directive in the last 2 National Defense Authorization Acts (FY13, FY14)

Answer. Although the Ground Combat Vehicle (GCV) program was executing on planned cost, schedule, and performance, the Department determined that it is no longer affordable to transition the GCV program to the next phase of development due to significant fiscal constraints under sequestration. The program will conclude upon completion of the Technology Development phase in June 2014. This decision will enable the Army to maintain investment in Armored Multi Purpose Vehicle (AMPV) development and modernization of existing combat vehicle platforms, including Abrams, Bradley, Stryker, and Paladin; thereby ensuring that our currently-fielded combat vehicles are as capable as possible for contingencies that may arise. However, it will not allow us to accelerate the program.

Once an AMPV vendor is selected, the Army will open up discussions for possible acceleration of the schedule depending on the solution proposed and the assessed technical risks.

Question. The CSA recently briefed that AMPV will become the Army's highest combat vehicle priority after GCV termination. What is the capability gap that drives this decision? (e.g. M113s can't drive off the FOBs).

Answer. The current fleet of M113 vehicles lacks the protection, mobility and survivability necessary to fight within the Armored Brigade Combat Team (ABCT). The current M113 Family of Vehicles lacks the required under-belly protection, 360 degree ballistic protection and overhead artillery protection needed to accomplish its mission within the ABCT as well as adequate Space, Weight, Power, and Cooling (SWaP-C) capabilities necessary to accept the Army's inbound network. The Armored Multi Purpose Vehicle (AMPV) addresses these shortfalls and provides mobility commensurate with the combat vehicles it supports within the ABCT. The AMPV will maneuver to support the unit's tank and infantry fighting vehicles and maintain its doctrinal positioning within the ABCT formation throughout the battlefield.

Question. How has the Army maintained competition in the AMPV procurement Request for Proposal?

Answer. Since the earliest stages of the program, the Army has taken deliberate steps to develop and implement a competitive acquisition strategy for Armored Multi Purpose Vehicle (AMPV). The AMPV's Acquisition Strategy is competitive and

platform-agnostic, providing for full and open competition to find the best value solution for the Army's needs. An analysis of alternatives examined 115 candidate vehicles, both tracked and wheeled, and the mobility requirement does not specify a wheeled or tracked solution.

The Army has continuously engaged with industry to understand and incorporate vendor feedback on the AMPV requirements to ensure a robust competition. This engagement included holding two industry days with 112 companies participating, and releasing two draft Request for Proposals (RFPs). As a result, the 656 requirements in the AMPV solicitation are tiered to allow industry to make more flexible trade designs on any potential vehicle proposed. The final RFP is open to any vendor proposing a range of vehicle solutions that meet the requirements, including either wheeled or tracked vehicles. This deliberate strategy allows for robust competition among multiple platforms to find the best value solution.

Question. What would a 1–3 year delay in the current Armored Multi-Purpose Wheeled Vehicle (AMPV) Request for Proposal do to the program as structured? How will this jeopardize Soldiers who could potentially deploy in M113s for the next fight?

Answer. A 1–3 year delay in the Armored Multi Purpose Vehicle (AMPV) Request for Proposal (RFP) would delay initial fielding of the AMPV until at least Fiscal Year (FY) 2022 to FY 2024 and could put program funding at risk. The program is currently fully funded and supported within the combat vehicle portfolio across the Future Years Defense Program years. Further delay could jeopardize funding and delay or reduce the availability of funding for future combat vehicle programs.

Additionally, a delay would require Soldiers to continue using the operationally irrelevant and unsustainable M113 platform, which provides lower levels of survivability, mobility, force protection, and networking capability than the AMPV will provide. The M113 platform lacks adequate Space, Weight, Power, and Cooling capabilities necessary to accept the Army's inbound network. Without the inbound network, the Commander's ability to maneuver and communicate across the full width and depth of the battlefield will be reduced.

END STRENGTH

Question. Secretary McHugh, What are the estimates of the number of active, National Guard and reserve personnel that will have to be reduced in the FY14–18 time frame, and if sequestration continues beyond FY18?

Answer. The Active Component will reduce its personnel inventory by approximately 80,000 during FY14–17 to achieve an end strength of 450,000. Over the same time period, the Army National Guard will reduce its personnel inventory by 23,000 to achieve 335,000 and the U.S. Army Reserve will reduce 10,000 to achieve a 195,000 end strength. If sequestration continues beyond FY18 and the Army is required to continue its drawdown, the Active Component would further reduce its inventory by 30,000 personnel across FY18–19 to achieve a 420,000 end strength. The Army National Guard would lose an additional 20,000 personnel to reach a reduced end strength of 315,000 and the U.S. Army Reserve would lose an additional 10,000 for a reduced end strength of 185,000.

Question. Secretary McHugh, How has the Bipartisan Budget Agreement (BBA) spending limits impacted Army major defense acquisition programs, and in your opinion, how will these impacts require a change in defense strategy and/or loss in operational capability for the Army? Please explain.

Answer. The Bipartisan Budget Act (BBA) of 2013 provides the Army modest, temporary relief from Budget Control Act (BCA) defense spending caps in 2014. However, the Army still faces budget shortfalls of \$7.7 billion in Fiscal Year 2014 (FY14), and an additional \$12.7 billion in FY15, when compared to the President's FY14 Budget request. While we welcome the relief and predictability that the BBA provides, the Army will be forced to cut \$20.4 billion in planned finding, an abrupt reduction over a short two-year period of time.

The BBA allows the Army to remedy only a fraction of lost capability. The Army remains committed to a balanced modernization strategy by executing incremental modernization with selective investment in new capabilities to support force protection, lethality, and networked mission command; investment in enabling technologies; incremental upgrades to existing capabilities; divestiture of selected legacy systems, to include efforts through the Aviation Restructure Initiative; and delaying some new capabilities due to fiscal realities, such as the next generation Infantry Fighting Vehicle, Armed Aerial Scout, and Warfighter Information Network—Tactical Increment 3. The collective impact of the BBA is that Army units will continue to rely on current solutions while threat tactics and capabilities continue to adapt and evolve. This means the Army will employ current or slightly modified systems

against an enemy with increased lethality and armed with lessons from on-going operations.

Question. Secretary McHugh, from a Department of Army perspective, what do you consider to be the greatest threats to the defense industrial base, and what can we do to address them?

Answer. The greatest threats to the Defense Industrial Base are the loss of critical commercial suppliers at the lower tiers of the supply chain and the related loss of critical skill sets.

As the Army draws down from contingency operations, some additional issues being addressed include excess capacity, limited incentives for private investment, commercial sources exiting the Defense business, a potential growing dependence on foreign suppliers, shrinking, and aging stockpiles and declining commercial research and development capabilities.

In addition to the significant reduction on the demand for supplies and equipment, the financial uncertainty of sequestration will affect the future demand for new systems. These factors create a high-risk environment for manufacturers and suppliers, especially, for small-to-medium-sized companies, due to their inability to reconstitute or rapidly move to other business portfolios. As these lower-tier companies downsize, exit the defense sector, or go out of business, the critical skill sets they possess, such as those in engineering and advanced manufacturing, become less available.

The Army is taking a proactive approach to identify those critical and essential capabilities needed for future short and long term operations.

ARSENALS

Question. Secretary McHugh, How would a 15% mandatory decrease in number of civilian personnel, starting in FY2015 through FY2025 impact workloads at Army Arsenals and how would the necessary workload be managed? In order to meet the required workload, would the Army need relief or a change to 10 U.S.C. 2466 that mandates a 50% ceiling, measured in dollars, on the amount of depot maintenance workload that may be performed by contract for a military Department or defense agency during a fiscal year.

Answer. The Army manages its civilian personnel at arsenals based on workload and available funding. A mandatory 15% reduction starting in FY2015 through FY2025 will result in the loss of critical workforce skill sets that will take many years to rebuild, sub-optimize existing Army Working Capital Fund business processes, and render the arsenals as an uneconomical option for manufacture support that is required to effectively and efficiently meet future Army contingency requirements.

The Army does not require relief or a change to Title 10 U.S.C. Section 2466, which mandates a 50% ceiling on contractor funded depot maintenance. The Arsenals' manufacturing workloads are not considered depot-level maintenance and repair workload for purposes of Title 10 U.S.C. Section 2466.

[CLERK'S NOTE.—End of questions submitted by Mr. Cole. Questions submitted by Mr. Aderholt and the answers thereto follow.]

UH-60 BLACKHAWK HELICOPTERS

Question. General Odierno, can you describe the model or type of UH-60 Blackhawk helicopters that will transfer to the National Guard and the plan to modernize the National Guard UH-60 fleet under the Army proposed plan?

Answer. Under the Aviation Restructure Initiative (ARI), 111 UH-60L Blackhawk helicopters will transfer to the Army National Guard. The Army's H-60 Blackhawk modernization strategy remains the procurement of 1,375 UH/HH-60M new build aircraft and digitization/recapitalization of 760 H-60L aircraft. The ARI will allow this modernization plan to continue at an affordable rate to ensure that the Total Army can meet its operational commitments. Almost 600 of the planned procurement of 1,375 UH-60M helicopters have been fielded to all three components; procurement will continue through the mid 2020s. In the near term, the Army will continue recapitalizing and modernizing a select number of UH-60As to UH-60Ls at a rate of approximately 36 aircraft a year. This effort is primarily focused on the Army National Guard and will continue through FY18. At that time, the Army will transition the recapitalization/modernization effort to UH-60L helicopters. These aircraft will be recapitalized and modernized with a digital cockpit at a rate of approximately 48 aircraft per year. This effort will modernize 760 UH-60Ls in all three components (Active, Guard, and Reserves), and continue until completion in FY34.

ARMORED BCTs

Question. What is the final projection for the number of “armored” BCTs?

a. Is this enough to deter a traditional mechanized army, such as Russia or China?

b. Are we at risk of “fighting our last war”—one focused on counterinsurgency and not on the most serious threat of a force-on-force engagement?

Answer. By FY 15 there will be 9 Armored BCTs in the Active Army and 7 in the Army National Guard. The Army is actively working through the Total Army Analysis 17–21 process to determine the optimal number of Armored Brigade Combat Teams (BCTs) as the Army further reduces end strength to the levels directed in the Quadrennial Defense Review. As we move forward, the rapidly evolving operational environment will be taken into account.

Effective implementation of the National Defense Strategy is dependent on the total capability and capacity of our Army, not just the number of Armored BCTs. Resource reductions under the Budget Control Act will severely jeopardize our readiness and modernization, limiting our ability to effectively deter our adversaries. The Army recognizes that tomorrow's threats may be different from today. When properly resourced, the Army remains ready to protect our Nation and defend our interests across the full range of military operations.

PROMPT GLOBAL STRIKE (PGS) PROGRAM

Question. Initial testing of the department's Prompt Global Strike (PGS) program by the Army Space and Missile Command/Army Forces Strategic command was successful and demonstrates the progress made in developing technologies that would allow us to quickly engage “high-value targets” or “fleeting targets” with a global-reach conventional weapon strike capability. A second longer-range test of AHW is planned for August of this year.

a. How soon could this technology be deployed if needed?

b. Is there a plan for a Flight 3 test?

c. Are we at risk of losing critical developments and slowing the program if Flight 3 is not conducted?

d. What impact does a Navy focused program have on achieving a near-term capability?

e. Does the current plan, which involves the pursuit of a possible sea-launched option also recognize the short-term threats and preserve critical technology development made by the Army and provide a near-term deployment option?

Answer.

a. The Advanced Hypersonic Weapon (AHW) Program is a technology development effort which focuses on maturing technologies in pursuit of a proof of concept of a Conventional Prompt Global Strike (CPGS) capability. The AHW technology development is one of several potential initiatives intended to lead to a CPGS capability. The maturity of the technology and the reliability of the concept are still to be fully assessed; and, therefore, an estimate of an operational capability is presently not available.

b. No. Per current Office of the Secretary of Defense (OSD) direction, there is not a third AHW flight test planned.

c. No. The intent of OSD's CPGS Office is to leverage demonstrated technology as well as lessons from the first and second AHW flight test, and apply them to the overall national CPGS effort. Desired AHW Flight Test 2 advancements in technology, such as navigation and guidance control, thermal protection, aerodynamic characterization and test range capabilities will be applicable to the next OSD planned CPGS test—the Navy's Intermediate Range Conventional Prompt Strike (IRCPS) Flight Experiment 1 (FE-1) as well as the overall CPGS program.

d. The stated focus of the U.S. Navy led IRCPS program is a CPGS capability designed and optimized for utilization in the upgraded Virginia class submarine. This will require the development of both a smaller scale variant of the AHW glide body and a new booster stack designed for use on this platform. Questions concerning the Navy program capability of supporting a near term limited operational capability should be addressed to either the OSD's CPGS Office or the U.S. Navy's Strategic Systems Program Project Office.

e. The requirement for a CPGS capability has been established by the Department of Defense (DoD). The intent of the OSD CPGS office is to leverage the technology advancements and lessons from both the initial and upcoming AHW flight tests and upcoming Navy test and apply them to future operationally deployed DoD developed systems. At this time, the Army has no plans for a near-term CPGS capability.

CYBER VULNERABILITIES

Question. The 2013 Defense Science Board report concluded that cyber vulnerabilities in weapon systems as well as DOD system architecture exists and places our nation at risk. How does the Army plan to counter these vulnerabilities and provide resiliency in areas such as the missiles and space portfolio and UAS operations?

Answer. Cyber threats to Army systems and networks are becoming increasingly sophisticated. We know the adversary incessantly probes our networks and attempts to access and exploit our military systems. Therefore, the Army must ensure our systems and networks are cyber resilient by designing them with the capability to operate through a cyber attack. Such preparedness is achieved through coordinated and focused efforts involving policy, resource investment, systems architecture and design, acquisition of cyber defense capabilities, and dynamic cyber defense operations. Leaders and users must work to eliminate common, cybersecurity weaknesses from Army systems and networks such as poor password hygiene, failure to patch or update software, poor physical and information security, and unprotected servers/vulnerable web applications.

Army Missile and Space Systems and Unmanned Aerial Systems have implemented additional mitigation steps to harden and protect systems and ensure their cyber resiliency. Examples include: implementation of protected communications, limiting access to critical hardware from physical access panels, increasing training and awareness to protect passwords, enforcing cyber security policy compliance and penetration testing in advance of operational tests.

IMPROVED TURBINE ENGINE PROGRAM

Question. The Improved Turbine Engine Program was significantly highlighted in the Army's budget presentation.

a. Please explain to the importance of this program to Army Aviation and the benefits this engine will bring to the fleet?

b. Is this program fully funded in the out-years and if not, what does this mean for the program?

Answer.

a. The Improved Turbine Engine will provide critically needed improvements to support operations in hot weather conditions (95 degrees) and at higher altitudes (6,000 feet) as recently experienced in Iraq and Afghanistan, respectively. Also, the engine is intended to achieve a 25 percent fuel consumption reduction and a 35 percent reduction in maintenance costs. The engine will replace the T700 family of engines for the UH-60 Black Hawk and AH-64 Apache fleets, bringing an urgent capability needed by the Warfighter to operate in a worldwide environment.

b. No. Based on the initial cost estimate, the Deputy Assistant Secretary of the Army for Cost and Economics has assessed the program as not fully funded in the out-years. Given that the program is Pre-Milestone A, it is too early in the process to have appropriate data to yield a reliable cost estimate. A planned future independent cost estimate will provide additional clarity.

COMBAT VEHICLE MANUFACTURERS

Question. The last time the Army was down to a single major ground vehicle modernization program was during the days of Future Combat System. At that time, the Army felt very strongly that it was important to have two healthy, viable combat vehicle manufacturers and directed that the Manned Ground Vehicle part of FCS be split between BAE and General Dynamics. Today with the cancellation of the Ground Combat Vehicle (GCV), the Army is once again down to a single major program to build new combat vehicles, the AMPV program. Since that is the case, would it make sense to have a split buy of Bradley and Strykers to sustain both vehicle companies at time of very lean budgets?

Answer. The Army supports a healthy combat vehicle industrial base and continues to assess impacts as budgetary resources decline.

AMPV development is under a competitive solicitation open to any vendor proposing vehicle replacements for the existing M113s. There is potential for an overall mixed Armored Multi-Purpose Vehicle (AMPV) fleet in the future, as the current solicitation is only for vehicles at echelons below brigade. The current AMPV program will only replace M113s at the brigade and below level—within Armored Brigade Combat Teams—which consists of 2,897 vehicles. There are an additional 1,922 M113s supporting Echelons Above Brigade, and the Army is currently assessing these emerging vehicle requirements against potential solutions for a future competition that may involve a diverse range of platforms.

The Army continues to assess the Combat Vehicle industrial base, and seeks to keep this diverse portfolio of platforms modernized within the current fiscal constraints. Such modernization efforts support the industrial base while maintaining critical capabilities. Currently, the Army has plans to modernize the Abrams, Bradley, and Stryker platforms via Engineering Change Proposals (ECPs). These ECPs include two major upgrades to the Bradley, enhancing track and suspension as well as upgrading transmission and networking power capability. We are also continuing production of the Abrams tank and procurement of a third brigade of Stryker Double-V Hull (DVH) vehicles. The Army is further assessing requirements and resources for a potential fourth brigade of Stryker DVH vehicles.

[CLERK'S NOTE.—End of questions submitted by Mr. Aderholt. Questions submitted by Ms. McCollum and the answers thereto follow.]

BRAC

Question. Secretary McHugh, earlier this week you testified that the Army would be able to save up to \$5 billion dollars from a new round of base closures. Why is a BRAC critical to mission readiness? What percentage of Army facilities are in excess?

Answer. BRAC is critical to mission readiness because Army force structure and end-strength are declining alongside our available finding. We must carefully balance end-strength, modernization, and readiness. In particular, the Army cannot afford to retain a hollow force structure and excess infrastructure at the expense of readiness. Therefore, the time to authorize BRAC is now. The money is gone. If we do not shed excess overhead, hundreds of millions of dollars will be wasted each year in maintaining underutilized buildings and infrastructure.

The Army has conducted facility capacity analyses to support an end-strength of 490,000 Active Component (AC) Soldiers. Preliminary results indicate the Army will have about 15–20% excess capacity at its installations (over 160 million square feet) by 2019. The average excess capacity is about 18 percent. At roughly \$3 per square foot for sustainment, the “empty space” or under-utilization tax on our budget rapidly adds up. Further, Army end strength and force structure cuts will only increase the amount of excess capacity.

The Army is saving \$1 billion a year in annual recurring savings from the BRAC 2005 process, and we began realizing those savings as soon as the BRAC process concluded in September 2011. The BRAC 2005 process produced two types of recommendations—efficiency and transformation. Efficiency recommendations across all of the Department of Defense (DoD) in BRAC 2005 cost about \$6 billion to implement, and produced recurring savings of \$3 billion per year.

For the Army, our BRAC 2005 “efficiency” recommendations cost about \$2 billion to implement and are saving over \$500 million each year. Those are the kinds of returns on investment we are looking to achieve in a future round of BRAC.

The Department of Defense has calculated that a future efficiency BRAC round that eliminated about 5 percent of our plant replacement value would involve a rough magnitude \$6 billion to implement and save about \$2 billion a year. The Army would represent a portion of that, depending upon the objective processes of developing recommendations. An independent Commission would review the BRAC recommendations and receive community input. If the President approved the package of recommendations on an “all or none” basis, Congress would then have an opportunity to review the recommendations.

Question. If Congress fails to approve a new BRAC round, what are the consequences for the Army?

Answer. If Congress fails to authorize another round of BRAC, the defense drawdown is likely to repeat a very unfortunate historical pattern of hollowed-out forces dispersed across hollowed-out installations. If we cannot reduce excess infrastructure, we will need to reduce funds elsewhere to meet the budget caps.

The Army has conducted facility capacity analyses. Preliminary results indicate the Army will have about 15–20% excess capacity at its installations by 2019 at the 490,000 active component end-strength. The average excess capacity is about 18 percent. Further, Army end strength and force structure cuts will only increase the amount of excess capacity.

At roughly \$3 per square foot for sustainment, the “empty space” tax on our budget rapidly adds up. Paying nearly \$500M a year to carry over 160 million square feet of excess or under-utilized facilities on our books, will simply result in cuts to capabilities elsewhere in the budget.

In considering the Army's BRAC request, the following points are critical:

First, the money is gone.

Second, failure to authorize a new round of BRAC in 2017 does not prevent defense communities from experiencing the consequences of smaller forces and lower off-post economic activity. The Soldiers and Families at the installations will be gone, and their spending power and requirements will go with them.

Last, without the BRAC process, it is much more difficult to back-fill those vacant or underutilized facilities with other missions.

[CLERK'S NOTE.—End of questions submitted by Ms. McCollum. Questions submitted by Mr. Frelinghuysen and the answers thereto follow.]

HOLLOW FORCE

Question. General Odierno, you have repeatedly expressed concern that retaining too much Army force structure would result in a hollow force. Could you explain what is meant by a hollow force?

Answer. The Army's definition of Service hollowness is a military force that appears mission-ready, but in fact does not have the capacity to generate the necessary capability to conduct its mission and responsibilities as prescribed in strategic guidance. The gap in capacity and capability is attributed to prolonged and disproportionate investments across manpower, operations, maintenance, modernization, sustainment, and procurement without a corresponding adjustment to strategy. While aggregate amounts of units with low readiness may be a by-product, unit readiness is not a standalone indicator of hollowness.

Question. Do you believe that sequestration and reduced defense budgets are leading to a hollowing out of the force?

Answer. The cumulative effects of sequestration and reduced defense budgets could create a Hollow Force if prolonged and disproportionate investments across manpower, operations and maintenance, modernization, sustainment, and procurement are made without a corresponding adjustment to strategy. While reductions in the short term will not immediately trigger a Hollow Force, they will have impacts that, when accumulated over time, will contribute to a Hollow Force. For example, a single year reduction to operations and maintenance doesn't indicate a hollow force. However, that single reduction combined with a seven year decisive action training deficiency, poorly maintained installation facilities, and slowed modernization can contribute to a hollow force.

Question. Some will argue that hollow units may be the best of an array of poor alternatives in an era of tight budgets. The services seek to retain experienced and well trained officers and NCOs. They are battle tested veterans. Structure can be maintained to support the continued readiness training for mid grade leaders. While junior enlisted soldiers can be recruited and trained relatively quickly, it takes many years to develop a platoon sergeant or first sergeant. Should the Army retain structure in order to have the number of experienced mid grade officers and NCOs we will need if we are forced to respond to another large scale contingency operation?

Answer. At the stated end strengths mandated by the Quadrennial Defense Review (QDR), the Army can maintain the readiness and modernization needed to prevent a hollow force within resource constraints. Hollow units are not a viable solution because they jeopardize the lives of our Soldiers and limit our ability to rapidly respond to crises. Further, hollow units are not sustainable since they do not provide the requisite experience for junior leaders due to shortages of personnel and resources.

However, in order to mitigate risk, the Army is exploring the possibility of retaining select numbers of experienced and well-trained senior officers and Non-Commissioned Officers (NCOs) in the generating force. If the Army is required to expand for a contingency, these personnel can form the nucleus for new units.

MANNED GROUND VEHICLE/INFANTRY FIGHTING VEHICLE

Question. General Odierno, the Bradley began service in the U.S. Army in 1981. Automotive technology, sensor technology, and weapons technology have advanced greatly in the decades that the Bradley Fighting Vehicle has been in service. Might our mechanized units be better off by having an Infantry Fighting Vehicle that is built to today's state-of-the-Art, which would benefit from over 30 years advancement in technology, rather than terminating and restarting the program again and again and always falling short of the impossible?

Answer. A new state-of-the-art Infantry Fighting Vehicle (IFV) remains a key requirement for the Army. However, due to significant fiscal constraints, the Department has determined that it is no longer affordable to transition the Ground Combat Vehicle program to the next phase of development, and the program will conclude upon completion of the Technology Development phase in June 2014. This de-

cision will enable the Army to maintain investment in Armored Multi-Purpose Vehicle (AMPV) development and modernization of existing combat vehicle platforms, including Abrams, Bradley, Stryker, and Paladin; thereby, ensuring that our currently-fielded combat vehicles are as capable as possible for contingencies that may arise.

The Army will continue to manage Infantry Fighting Vehicle technology maturity activities in support of a future modernization program once anticipated resources become available in Fiscal Year 2019.

Question. The Army sponsored a voluntary demonstration where developers could bring their Ground Combat Vehicles to be compared side-by-side. However, none of the vehicles offered by industry was considered adequate by Army. General Odierno, what were the main improvements over the Bradley that you were seeking in a new vehicle, and which none of the demonstrators provided?

Answer. The Army completed an Analysis of Alternatives (AoA) for the Ground Combat Vehicle (GCV) program, including an assessment of non-developmental vehicles (NDV) to determine if they could meet the key requirements for the GCV. The analysis found that while many of the vehicles could meet one or more aspects of mobility, lethality, force protection, survivability, capacity, or network hosting power, none could meet the required key Infantry Fighting Vehicle (IFV) capabilities in combination. The AoA concluded that a new start combat vehicle program was required to meet the requirements.

Question. Did any of the vehicles achieve an 80 percent solution?

Answer. No. None of the non-developmental vehicles tested presented an acceptable 80 percent solution. For example, one system met the force protection and nine-man squad carrying requirements, but failed to meet the tactical mobility requirement to keep pace with the Abrams tank and had limited lethality. Two other systems provided increased underbody protection, the capacity to host our network, increased lethality, and the mobility to keep pace with the Abrams tank, but did not meet required direct fire protection or passenger carrying capacity.

Question. Mr. Secretary, are the armed services adopting an "MRAP" military acquisition strategy, that is, to train on existing equipment, and depend on industry to rapidly produce materiel solutions once the fight begins?

Answer. The Department's procurement of the Mine Resistant Ambush Protected (MRAP) vehicle does not represent the Army's intended strategy for developing and fielding future capabilities. In the case of MRAPs, as cited in the GAO Report (GAO-10-155T—Rapid Acquisition of MRAP Vehicles), "The program relied only on proven technologies and commercially available products; established minimal operational requirements; and undertook a concurrent approach to producing, testing, and fielding vehicles." This approach, driven by the exigencies of large-scale urgent operational requirements, is the exception, not the norm.

Given the Army's budget pressures, our modernization strategy incorporates a diverse investment strategy that includes procurement of available commercial technologies in suitable areas, incremental upgrades on existing systems, and targeted investment in development of new capabilities. Examples include procurement of the Handheld, Manpack & Small Form Fit (HMS) radio which is based on mature commercial technology; increasing space, weight, and power margins for the Abrams tank; and targeted investments in the Armored Multi-Purpose Vehicle (AMPV) and the Joint Light Tactical Vehicle (MTV) to address critical capability gaps in the current ground combat vehicle fleet.

JOINT LIGHT TACTICAL VEHICLE

Question. General Odierno, please describe the progress of the JLTV program.

Answer. The Joint Light Tactical Vehicle (JLTV) program is progressing on schedule, due to stable requirements focused on mature technologies. It remains on track to close a critical capability gap for Soldiers and Marines. The initial production phase contract is planned for solicitation and award in fiscal year 2015 in conjunction with an anticipated Milestone C, low-rate initial production decision.

Question. What are the planned advances over the up-armored HMMWVs and MRAPs?

Answer. The Joint Light Tactical Vehicle (JLTV) is not a replacement for Mine Resistant Ambush Protected (MRAP) vehicles, but is designed to fill critical capability gaps related to protected mobility. At maximum protection levels, the legacy High Mobility Multipurpose Wheeled Vehicle fleet loses substantial payload and performance capabilities that inhibit mission accomplishment. At the same time, MRAP vehicles are not easily transportable and do not perform well in a wide range of operating environments. JLTV intentionally balances payload, performance, and protection to restore protected mobility across a range of operating environments,

and is the first vehicle purposefully designed for networked mission command operations. It provides major operational improvements in protected mobility, fuel efficiency, and reliability, operation and sustainment costs, and network connectivity in order to meet future mission requirements.

Question. The Committee understands that three companies are competing in the engineering and manufacturing development phase and the program will select one of the companies for production and deployment. General Odierno, what problems do you see in this program at this time?

Answer. I see no problems in the program at this time. The initial production phase contract is still planned for solicitation and award in Fiscal Year 2015, in connection with a planned Milestone C low-rate initial production decision. The Joint Light Tactical Vehicle (JLTV) program is executing on schedule, due to stable requirements focused on mature technologies. It remains on track to close a critical capability gap for Soldiers and Marines.

Question. The strategy for the light tactical vehicle fleet calls for 49,099 JLTVs for the Army, or about one third of the fleet? What type vehicles will make up the other two thirds?

Answer. The Army's Acquisition Objective, determined through mission requirements analysis, is 49,099. The existing High Mobility Multipurpose Wheeled Vehicle (HMMWV) fleet will continue to make up the remaining complement of light tactical vehicles. The Joint Light Tactical Vehicles (JLTVs) will be fielded on a priority basis, and the Army will cascade the most modernized HMMWVs to lower priority units, with plans to divest the oldest and least modernized HMMWVs.

Question. When will production be complete?

Answer. The Marine Corps 5,500 vehicle procurement will be complete in 2022. The Army's 49,099 vehicle procurement will complete production in the year 2040.

ARMED RECONNAISSANCE HELICOPTER

Question. General Odierno, what are the comparative costs of performing the manned aerial reconnaissance mission with an OH-58 Kiowa Warrior versus performing that mission with an Apache?

Answer. A simple comparison of flight hour costs (2014 Department of Defense Flight Hour Rates) does show the AH-64 is more expensive to fly than the OH-58D: OH-58D—\$2,373 per Hour vs. AH-64—\$6,034 per Hour.

However, the transfer of AH-64 Apaches to the Active component (AC) is one aspect of the Secretary of Defense-approved comprehensive Aviation Restructure Initiative (ARI), which is designed to achieve a leaner, more efficient and capable force that balances operational capability and capacity across the Total Army. Under ARI, the Army will eliminate three entire Combat Aviation Brigades from the AC, ultimately avoiding approximately \$1.1 billion in annual costs. It is important to understand that the total Army funds and flies all of the AH-64s and OH-58s in the current force structure, meaning no additional costs associated with flying those aircraft and, ultimately, avoiding \$496 million in annual costs as a result. ARI removes nine Active Component OH-58D Squadrons at a cost avoidance of \$479.7 million annually (*Does not account for Institutional/Sustainment Cost Savings due to Termination of the OH-58D Program). It removes one Reserve Component OH-58D Squadron at a cost avoidance of \$19 million annually. It removes six Reserve Component AH-64 Battalions at a cost avoidance of \$195.8 million annually. And it adds three manned Active Component AH-64 Squadrons at a cost of \$198.6 million annually.

Question. General Odierno, will Apache crews that are performing the armed reconnaissance mission aircraft be able to maintain the same operational readiness rate as the OH-58D Kiowa Warrior helicopter?

Answer. Yes. The pilots that transition from the OH-58D to the AH-64 will be able to achieve the same pilot proficiency readiness level. The maintainers will be able to achieve an Operational Readiness (OR) maintenance rate on the AH-64 comparable to the OH-58D.

Question. The Committee understands that the requirement for a new armed aerial scout helicopter remains valid. When will the Army resume its search for a new armed aerial scout?

Answer. The Army maintains a valid requirement for the Armed Aerial Scout and would like to develop an aircraft to meet the manned aerial reconnaissance mission. However, we currently do not have the funding to pursue that path.

The analysis of alternatives conducted for the Armed Aerial Scout (AAS) determined that absent a new materiel solution, the best solution for the armed reconnaissance capability was a team of AH-64E with Unmanned Aircraft System (UAS). The AH-64 and UAS manned-unmanned-teaming solution was not chosen at the

time because it was unaffordable to buy and sustain additional AH-64s. The reduction in aviation force structure, mainly in the Active Component, allows the Army to employ AH-64s and Shadow UASs that the Army already owns and sustains to meet the Armed Aerial Scout requirement. The AH-64 with its Modernized Target Acquisition Designation Sight, and teamed with unmanned systems, is already being employed with tremendous success across Afghanistan—this is a proven success story. The best sensors in Army Aviation are on the AH-64E.

Question. General Odierno, the Army recently conducted a voluntary flight demonstration. However none of the aircraft brought forward by industry were considered to be adequate as the basis for a new armed aerial scout. Please comment on the key shortcomings that made the demonstration aircraft unacceptable. Were there capabilities among the demonstration aircraft that are desirable going forward?

Answer. The voluntary flight demonstrations in 2012 did not reveal any aircraft that was rapidly available while providing a substantial increase in capability over the OH-58D Kiowa Warrior. All aircraft were assessed for performance, military airworthiness, safety, survivability, and mission equipment. None of the aircraft mitigated the current capability gaps without a development and integration effort and investment associated with a full acquisition program. Some common areas that indicated the need for additional development included high pilot workload, high control forces, growth potential (maximum gross weight at takeoff), survivability (integration of aircraft survivability equipment), and safety (closed circuit refuel capability). A common desirable capability was field of view. Performance (speed, range, and endurance), maneuverability, and mission equipment were capabilities that varied among the demonstration aircraft.

Question. General Odierno, will high enroute speed, be a key factor in the selection of the next armed reconnaissance helicopter? In future conflicts, the Army must have an aircraft that is capable of flying 230+ knots to and from the battlefield. This is why the Army is looking into Future Vertical Lift (FVL) aircraft as a viable solution for the Scout/Reconnaissance mission.

Answer. Yes. Enroute speed is an important performance characteristic for the next armed reconnaissance helicopter. Range, power (hover capability at 6,000 feet pressure altitude and 95 degrees temperature), and operational radius (range to an operational area with one hour of station time and return) are the other key performance factors. Speed is important for crossing the battle space quickly and for conducting escort missions with other Army helicopters.

ARMORED MULTI-PURPOSE VEHICLE (AMPV)

Question. General Odierno, during the wars in Iraq and Afghanistan, our Army added armor kits to many vehicles, including Bradleys, trucks of all sizes, Strykers and even MRAPS. However we did not develop a solution to up-armor or replace the M113s. Instead the M113s were restricted to the forwarding base. The Armored Multi-Purpose Vehicle or AMPV [Amp Vee] program is intended to replace the M113 family of vehicles. This is a big program, the Army has about 3,000 M113 series vehicles. Could you provide the Committee a progress report on the AMPV program?

Answer. The Army released the Armored Multi-Purpose Vehicle (AMPV) Request for Proposals (RFP) on 26 November 2013. This solicitation is designed to fill requirements for 2,897 AMPV vehicles at echelons within the Armored Brigade Combat Team (ABCT). The Army is still assessing requirements for vehicles at echelons above brigade, which we anticipate to consist of 1,922 vehicles. The AMPV RFP closing date is scheduled for 28 May 2014, following a 90-day extension granted in January 2014 in response to industry request. On February 14, 2014, a prospective bidder filed an agency protest with Army Material Command which was decided on April 4, 2014. The protest was decided in the Army's favor, and found that the solicitation provided adequate information and time for contractors to develop proposals, and that the solicitation requirements did not unfairly favor any competitor or materiel solution. The current solicitation reflects a competitive acquisition strategy in which vendors can propose any vehicle that meets stated AMPV requirements. The Army plans to award an Engineering, Manufacturing, and Development contract in second quarter Fiscal Year 2015. The AMPV program is focused on meeting a requirement that the Army and Joint Staff has deemed operationally relevant and necessary.

Question. The low rate production decision is planned for Fiscal Year 2018. At this point is that schedule doable?

Answer. Yes, the Armored Multi-Purpose Vehicle (AMPV) program schedule is achievable at this time. Moreover, once a vendor is selected, the Army will open up

discussions for potential acceleration of the schedule depending on the solution proposed and capabilities the vendor offerors.

Question. Will the Army continue to require protection against IEDs in vehicle design? Some argue that the best solution to defeat IEDs is to avoid lengthy stabilization and security assistance operations in which our forces become sitting ducks. What is your comment on that?

Answer. The requirement to engage in stabilization and security assistance operations remains a political decision. However, the use of Improvised Explosive Devices (IED) can occur across the range of military operations. Recent experiences have exposed gaps in the survivability of the Army's current wheeled vehicle fleet which must be addressed, regardless of future employment.

Land forces will continue to face threats from explosive devices; the design and function of most IEDs incorporate effects also produced by conventional ordnance items such as blast and fragmentation, or explosively formed penetrators. These effects can be produced by the conventional weapons inventories of many potential adversaries. As an Army, we must develop vehicles that protect our Soldiers from both conventional and improvised explosive threats. This requires the Army, our Joint and Coalition partners, along with our industrial partners to continue developing the best vehicle protection possible while maintaining mobility for our forces.

AIR AND MISSILE DEFENSE

Question. General Odierno, please provide the Committee your assessment of the aircraft and missile threat to our deployed forces.

Answer. North Korea fields a large, forward-deployed military that retains the capability to inflict serious damage on the Republic of Korea (ROK) despite significant resource shortfalls and aging hardware. North Korea continues to be deterred from conducting large-scale attacks on the ROK primarily due to the strength of the U.S.-ROK Alliance. However, North Korea has demonstrated its willingness to use military provocation to achieve national goals. North Korea's special operations forces (SOF), artillery, and growing missile force provide significant capabilities for small-scale attacks that could rapidly spiral into a larger conflict. A classified response containing more details on the air and missile components of North Korea's military capabilities has been provided in a separate document.

Question. General Odierno, you recently stated that due to budget limitations, prompt improvements to out dated air and missile defenses would not be forthcoming. Rather, the Army can provide increased air and missile defenses to U.S. Forces in distant locations by means of air lift. Could you discuss your air and missile defense concept?

Answer. Generals' Sharp and Thurman recent National Defense Industrial Association article on Air and Missile Defense (AMD), specifically in Korea, highlights the high demand for AMD assets in the Pacific and worldwide. The Army is challenged but able to meet current Combatant Command requirements with a mix of forward deployed and forward stationed AMD capability. Forward stationed AMD assets (such as the Army's 35th Air Defense Artillery BDE with its two Patriot Battalions in South Korea) would be augmented with additional assets and capabilities as needed if a conflict arises. Expeditionary airlift would be used to bring these capabilities forward, further, supporting the Army's move towards a more expeditionary force. We are reviewing the global posture of our newest AMD Capability, the Terminal High Altitude Area Defense (THAAD), to include possible worldwide stationing. Already deployed to Guam, the planned global posture for future THAAD batteries is being incorporated into the Army Campaign Plan's Strategic Effort #4 (THAAD Posture). Additionally, the Secretary of the Army and I signed the AMD Strategy in September 2012 to articulate an overarching AMD framework that synchronizes Service functions in support of Army and Joint missions over the next 25 years. Central to that strategy are "game changing" new systems such as Integrated Air and Missile Defense Battle Command System and Indirect Fire Protection Capability Multi-Mission Launcher. These key additions to the AMD Portfolio will allow the Army to capitalize on all available sensors and shooters and be less constrained by command and control limitations, better enabling us to organize forces at the component level and increasing our global responsiveness.

Question. Are there air defense assets that have been tested, and proved, but not fielded which could be adopted for use and quickly brought into service?

Answer. There are no available air defense assets that have completed a full test and evaluation program and are proven, but not fielded. There were three Air and Missile Defense (AMD) systems in the development process that were not approved for fielding. Those systems are Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System (JLENS), Surface Launched Advanced Medium-Range Air-to-

Air Missile (SLAMRAAM), and Medium Extended Air Defense System (MEADS). None of these assets were fully tested or proved, though JLENS testing continues in a 3-year exercise in the National Capital Region.

The Army has developed two JLENS orbits; all further development and procurement is canceled. One orbit is committed to a Secretary of Defense directed three year operational exercise at Aberdeen Proving Ground in support of the Commander, NORAD/NORTHCOM in the National Capital Region. The second orbit is incomplete and is in long-term storage. There is no force structure or manning allocated for the second orbit, and it would require additional common equipment for employment. Beyond providing one orbit in support of the operational exercise, any additional employments of this capability will require extensive planning, coordination, force structure and time to execute.

The other two AMD systems formerly in the development process were canceled. The first, SLAMRAAM, had operational prototype equipment delivered, which went into storage after procurement was canceled. There is no force structure, no common equipment, no trained Soldiers, and no plans to address obsolescence issues for this system.

Finally, the U.S. Government was developing the MEADS system in coordination with Germany and Italy. The system is not beyond the Engineering, Manufacturing and Development phase, and the Office of the Secretary of Defense agreed that MEADS doesn't meet the Army's open architecture, non-proprietary requirements to interoperate with other US AMD systems/command and control. The limited components that could be made available will not meet operational requirements or our modernization path forward, and would require resources, time, and hardware and software improvements to become operational. Also, there are no trained MEADS Soldiers who could man the system.

ARMY AVIATION RESTRUCTURE

Question. Given the high demand for Combat Aviation Brigades does it not make sense to have some Army Guard brigades, complete with Apache attack helicopters? Commanders are taught to always have a reserve. But the aviation restructure plan would have no "Apache reserve" in the reserve components. Would it make more sense to retain some number of attack helicopter units in the Army Guard?

Answer. The Army's Attack/Reconnaissance battalions are considered low density and high demand assets that must be fully trained and ready on short notice to deploy for world-wide contingencies and crisis response in the wake of major reductions to the Total Army end-strength and force structure. The divestment of OH-58D Kiowa Warriors and the elimination of three entire Combat Aviation Brigades (CABs) from the Active Component (AC) will take Army Aviation down from 37 to 20 shooting battalions. This necessitates transferring all Apache helicopters to the AC in order to meet the demands of our Combatant Commanders. The Army simply does not have the luxury of retaining Apache helicopters in the Reserve Component (RC) as it is considerably more expensive to maintain a sufficient, available inventory of Apaches in the RC than it is to do so in the AC.

When considering the most effective use of limited resources, National Guard Formations should be optimized with "dual use" equipment and formations that are capable of supporting States and Governors as well as Combatant Commanders when mobilized. We must develop complimentary and mutually supporting capabilities. The Army supports a multi-component solution for operationalizing Army National Guard (ARNG) Aviation Brigades in non-permissive environments. Under the Aviation Restructure Initiative (ARI), each ARNG Aviation Brigade will have an AC AH-64 battalion aligned with them for training and deployment. These AH-64 battalions will deploy with an intermediate maintenance slice to support AH-64 maintenance and armament. This model has proven effective in the past, and in fact, we have a National Guard aviation brigade deployed to Kuwait today with an active duty attack battalion attached.

Question. Has consideration been given to buying additional Apaches to outfit both active and reserve component units? Would it be feasible to partially equip some units, to support proficiency flying, and when the unit is called up, provide additional aircraft from units returning from theater?

Answer. Yes. Prior to selecting the current Aviation Restructure Initiative (ART) plan, the Army considered two other options in which the Army National Guard (ARNG) keeps 6 AU-64 battalions and the Active Component operates with 18 AH-64 battalions plus 2 AH-64 Korea rotation equipment sets. Under the selected ART plan, the Army will require 690 AH-64s out of the 730 currently on hand. The analysis conducted on the alternative plans required 765 AH-64s for the first option and 805 for the second option. However, this analysis concluded that it would require

a budget increase between \$2.5 billion and \$4.4 billion for both options in unprogrammed one-time equipping costs added to the Total Army budget which is not supported by the Budget Control Act (BCA). This added cost comes from the requirement to either remanufacture old aircraft or build new ones.

It would not be feasible to partially equip some ARNG units in order to maintain proficiency until additional aircraft are assigned from units returning from theater. An ARNG unit that is partially equipped would only be able to maintain the minimum flying requirements making it extremely challenging to achieve platoon or company level proficiency prior to mobilization. This would require a longer post-mobilization training period to bring an ARNG AH-64 unit up to a level in which they were ready to deploy. Additionally, most aircraft returning from major combat operations are required to be RESET for major maintenance repairs and upgrades which can take several months. This situation could place some units at high risk of not receiving their aircraft prior to mobilization. Since the AC has a faster Army Force Generation (ARFORGEN) cycle (1:2) as compared to the ARNG (1:5), this could place AC AH-64 units at risk of not getting their aircraft back in time to redeploy. For example, if ARNG AH-64 battalions were given only 18 out of 24 AH-64s assigned, this would require them to transfer aircraft from sister units (AC and RC) rendering the donor units' Fully Mission Capable (FMC) rate too low to deploy. Keeping all AH-64s in the Active Component would avoid this situation and mitigate the risk of not being able to provide the commander on the ground essential attack/reconnaissance capabilities in a rapid manner to meet operational demand requirements. Active Component AH-64 units train to the battalion/brigade level of proficiency and have access to more resources and available collective training days to keep their Attack/Reconnaissance pilots fully trained and ready for deployment on short notice to meet world-wide critical mission requirements.

Question. General Odierno, how long will it take to retrain the pilots and ground crews that will be shifted to a different aircraft under the restructure?

Answer. The institutional training curriculum to transition to a new airframe takes between 8 to 14 weeks on active duty for training either at Fort Rucker, Fort Eustis, or one of the Army National Guard (ARNG) Training Sites. Once a pilot returns from an aircraft qualification course it can take between 3 to 6 months to complete progression training to be fully mission qualified depending on the skill level of the individual. It will take ground maintenance personnel about 6 to 9 months upon graduating from an Army helicopter maintenance course to be fully trained and ready at their home unit.

ROTATIONAL PRESENCE

Question. Please discuss what you see as the benefits to Army units of actually living and training at forward locations in their wartime area of responsibility.

Answer. Access and influence are important to achieving U.S. strategic ends. Forward presence also increases the response time afforded to Combatant Commands by ensuring military capability is postured closer to a theater of operations. Army forces living and training forward will enable U.S. global engagement while benefiting from enhanced readiness and providing combatant commanders a persistent presence to prevent, shape, and if required, win.

The benefits to these units begin with the enhanced readiness they develop through the experiences gained in the geographic locations where they may be deployed for operations. The additional terrain, regional, cultural, socio-political, and language familiarization these personnel and units will develop while living and training at forward locations significantly improves their ability should they become engaged in combat operations in these locations. Moreover, the interpersonal relationships they develop with Allies and partners at all levels and over time is a critical enabler to support inter-operability, assured access, and to shape U.S. strategic objectives.

While Forward Stationing units ensures deep contextual understanding for our soldiers and families, establishing a Rotational Forward Presence by unit and/or individual replacement can provide similar benefits with reduced infrastructure. The Army must balance forward presence and rotational force posture to ensure we meet Combatant Command requirements for responsiveness and readiness while operating in a fiscally constrained environment and meeting the targeted reductions in the Total Army force.

Question. Will National Guard units take part in this program?

Answer. As we begin rotating a complete brigade to Korea, we will exclusively use Active Component (AC) forces. Over time, we could consider Reserve Component (RC), but this would incur an additional requirement in our base budget of approximately \$344 million per 9-month brigade combat team (BCT) rotation in addition

to any training, mobilization and demobilization costs required to bring the BCT to the required readiness level.

Question. What size units make these rotational presence visits?

Answer. During our pilot, one Combined Arms Battalion of approximately 800 personnel and one Aerial Reconnaissance Squadron of approximately 400 personnel will initially conduct the Korea rotational presence mission. Beginning in FY15, we will rotate the entire Brigade Combat Team and continue to rotate an Aerial Reconnaissance Squadron.

Question. What is the required readiness training status of the rotational units before they deploy?

Answer. The Army tailors readiness of rotational forces to meet the specific operational requirements established by the Combatant Commanders to assure mission success. In some instances, this process will build unit readiness that is identical to the core functions and capabilities of the unit—for example an armor brigade conducting offensive decisive action operations. In other instances, the process will generate unit readiness that is focused on either a subset of a unit's design (deployment of a truck platoon instead of the entire truck company) or on an assigned mission that differs greatly from the unit's core functions, such as a Security Force Assistance Brigade. In either case, the Army ensures that deploying units are trained and ready to perform those missions designated by the combatant commander.

Question. "Why not bring home all of the units that the U.S. has forward stationed, in Europe and Asia?"

Answer. For nearly 70 years, our overseas military bases have been a centerpiece of American security. U.S. boots on the ground remain the most visible and potent symbol of enduring American support for partners and allies. They are both a fundamental aspect of our national defense policy and a means to safeguard ourselves and our interests from shocks to the international system. Faced with increasingly sophisticated anti-access and area denial abilities of potential adversaries, maintaining forward presence, especially in the Asia-Pacific and Europe, ensures interoperability and timely and decisive response to Combatant Commander requirements.

The cumulative effects of sequestration and reduced defense budgets, however, could create a Hollow Force if prolonged and disproportionate investments across manpower, operations and maintenance, modernization, sustainment, and procurement are made without a corresponding adjustment to strategy. While reductions in the short term will not immediately trigger a Hollow Force, they will have impacts that, when accumulated over time, will contribute to a Hollow Force. For example, a single year reduction to operations and maintenance doesn't indicate a hollow force. However, that single reduction combined with a seven year decisive action training deficiency, poorly maintained installation facilities, and slowed modernization can contribute to a hollow force.

BODY ARMOR

Question. General Odierno, what advances in technology is the Army pursuing that may result in better body armor?

Answer. The Army is focusing on long-term revolutionary solutions in biotechnology, nanotechnology, and materials science to provide the next generation of body armor capability. Examples include investments in manufacturing processes, improved ceramics, biomimetic materials such as spider silk, aramid copolymers, and textile composite armor that provide a framework for successful design of light-weight textile armor of the future. The Army is also investing in light weight protection material systems that exhibit revolutionary performance by manipulating matter at the atomic scale, pushing the high-performance material envelope. Payoffs from this research include protection materials with 33 percent savings in weight over current systems. While we believe that significant breakthroughs in ballistic material performance and system weight reduction are possible, revolutionary new material technologies typically require 10–20 years of development.

Meanwhile, we are also focused on near-term solutions through the Soldier Protection System (SPS), which is the Army's next generation body armor system. The SPS program is a clear step forward, which focuses on reducing weight while integrating the systems worn by our Soldiers and balancing capabilities in protection and mobility. This program integrates the Integrated Head Protection System, Transition Combat Eye Protection, Torso and Extremity Protection, Vital Torso Protection, and an Integrated Soldier Sensor System. SPS provides a modular, scalable integrated system of mission tailorable ballistic/blast protective equipment that will improve the level of mobility, form, fit, and function for both male and female Soldiers. The threshold weight reduction of ten percent for both hard and soft body armor and five percent reduction in head protection are realistic and achievable at

this time. This program entered into Engineering and Manufacturing Development in third quarter fiscal year 2013 (3QFY13) and is currently scheduled to enter into Milestone C and Low Rate Initial Production in 3QFY15.

Question. Is there an established shelf life for body armor?

Answer. The Army has not established a shelf or service life for body armor. The Army replaces body armor (both hard and soft) and helmets when it has determined that a particular component is no longer serviceable and safe for its intended use. Such determinations are made through routine and frequent Preventive Maintenance Checks and Services (PMCS) by Soldiers or periodic scanning by the Army's hard body armor non-destructive test equipment. During combat operations in Iraq and Afghanistan, body armor improvements evolved quickly, leading to the replacement of Small Arms Protective Inserts with Enhanced Small Arms Protective Inserts (ESAPI), the current standard plates used in body armor. ESAPI plates are up-to-date and have been in continuous production to meet requirements for deploying soldiers. The Army continues to use surveillance as the principal means to establish accurate shelf and service life for body armor components.

Question. Is there a maintenance program for body armor that requires periodic inspection and testing?

Answer. The Army maintenance program for Armor Ballistic Plates consists of Soldier level pre-combat checks and additional serviceability inspection conducted via the Hard Body Armor NonDestructive Testing Equipment (NOTE) system. The NOTE is an automated digital X-Ray inspection system that evaluates the internal ballistic integrity and serviceability of the plates. All Soldiers deploying to theater must have plates that have been scanned and determined to be serviceable. Body armor with external material defects are sent to the appropriate Regional Logistics Supply Center (RLSC) for repairs. External material defects consist of, but not limited to; tears in material, frayed or damaged cables, bunching of soft ballistics, hook/loop failure, punctures, and petroleum based stains or discoloration. The RLSC repair activities consist of patching torn covers of ballistic plates, sewing outer material tears of vests, replacing unserviceable components, and industrial cleaning of body armor.

Question. The Committee understands that PEO Soldier has been conducting a study of body armor. When will the results of the study be available?

Answer. The Army is supporting an Office of the Secretary of Defense study in accordance with Section 146 of the Fiscal Year 2014 National Defense Authorization Act, directing the identification and assessment of cost-effective and efficient means of procuring personal protective equipment, anticipated to be complete by RAND in 4QFY14. This study is also examining how to promote competition and innovation in the personal protection equipment industrial base.

Question. At this time is some of the U.S. Army body armor over age?

Answer. No, current body armor (soft and hard ballistic components) does not have an expiration date. Body armor for deployment is continuously evaluated for serviceability through prescribed Soldier Preventative Maintenance Checks and Services (PMCS) and regularly through the Hard Body Armor Non-Destructive Testing Equipment (NOTE) system pre-deployment screening program.

Question. Is there a plan to recertify or replace over age body armor?

Answer. At this time the Army has no plans to replace body armor based solely on age. We replace body armor when faults are noted during Soldier Preventative Maintenance Checks and Services (PMCS) inspections or the Hard Body Armor Non-Destructive Testing Equipment (NOTE) system scanning. Currently the Army has sufficient stocks on-hand to support anticipated requirements for contingency operations until 2020. Once current Operation Enduring Freedom deployment requirements end, ballistic plates held in contingency stocks will be recertified through NOTE testing every four years.

SEXUAL ASSAULT IN THE FORCE

Question. Please describe the policies and programs in place to combat sexual assault and provide immediate care and assistance to victims of sexual assault. What new programs are being implemented to combat this issue?

Answer. In the past year, the Army has devoted extraordinary resources to addressing the issue of sexual assault, and those efforts have begun to gain traction. Through the combined efforts of our military and civilian leaders at all echelons, we've implemented an unprecedented number of initiatives—more than 30 in the past year—to address this insider threat. These initiatives are enhancing the reporting, investigation and prosecution of sexual assault offenses, increasing the accountability of leaders and fostering a cultural change that will lead to a positive command climate.

Key among the initiatives implemented during the past year are:

- A Special Victims Counsel Program available to all service members and their dependents who are victims of sexual assault;
- Added sexual assault prevention and response as a category for all officer and noncommissioned officer evaluations;
- Expanded to all command levels the requirement to conduct Command Climate Surveys, with results reviewed by supervisors;
- Raised the level of leadership of the Army's Sexual Harassment/Assault Response and Prevention (SHARP) office to the SES level;
- Expanded the implementation of our Special Victims Capability for the investigation and prosecution of offenses by instituting trauma-informed investigation training and increasing the number of Special Victims Prosecutors;
- Credentialed thousands of Sexual Assault Response Coordinators (SARCs) and Sexual Harassment/Assault Response and Prevention Victim Advocates (SHARP VAs);
- Enhanced background screening requirements before a Soldier is qualified to serve as a SARC or SHARP VA;
- Required Judge Advocates to serve as investigating officers in Article 32 proceedings;
- Enhanced victim participation in the post-trial process of military courts-martial;
- Required administrative separation of Soldiers convicted of sexual assault offenses;
- Implemented a pilot SHARP 8-week course for SHARP Program Managers and Trainers, Sexual Assault Response Coordinators (SARCs), and Victim Advocates (VAs). This course is an initial action in the Army's efforts to establish a SHARP Schoolhouse, which will incorporate doctrine, SHARP Life-Cycle Training (Professional Military Education, Civilian Education System, Unit Training and Self-study training), and quality assurance measures for all SHARP training. This first-of-its-kind schoolhouse will ensure our full-time program personnel at brigade and higher are thoroughly trained and prepared to assist commanders in preventing and responding to sexual offenses. Once the pilot, which began in late January, concludes in October, we'll assess the effectiveness of the initiative, as well as what needs to be refined prior to instituting a permanent schoolhouse in the FY15/16 time frame.
- The Chief of Staff of the Army conducted two forums with Survivors, SARCs and VAs. The SHARP School efforts are a direct result of this forum. The last forum was held 18 March 2014, and the next one is scheduled to occur no later than November 2014.

Question. What measures is the Army taking to encourage victims to report sexual assaults and to cooperate with investigators so they are able to prosecute these cases.

Answer. Sexual assault is one of the most underreported crimes in society at large, and this is no less the case in the Army and other Military Services. The Army is working hard to foster a climate in which victims: trust their chains of command to support them if and when sexual offenses occur; know they will receive all necessary services and support from the Army, are confident their allegations will be taken seriously; and know that all incidents of sexual assault and harassment will be thoroughly investigated. The 51 percent increase in reporting during this past fiscal year is possibly reflective of victim's growing confidence in our system. Although the apparent increase in victim confidence in the chain of command and response system is an encouraging sign, some barriers still exist that discourage reporting—feelings of shame or embarrassment as well as fear of retaliation or ostracism by peers. That's why this is an issue whose remedy lies in the hands of the leadership and command authority. Commander-driven change in unit culture and compassionate, comprehensive support of victims are critical to address these concerns and assuage victims' fears.

Some of the initiatives in place to provide commanders with the tools they need to facilitate cultural change include:

- Enhanced medical, psychological and legal assistance. The Army is dedicated to providing sexual assault victims with extensive medical, psychological, and legal support services. The Army is learning from the increasing body of peer-reviewed research about the neurobiology of trauma and how it affects the needs, behavior, and treatment of victims of sexual assault and other traumatic experiences. The Army is committed to both understanding this research and in implementing innovative and successful strategies to combat the effects of Military Sexual Trauma (MST). All sexual assault victims are assigned a Sexual Assault Response Coordinator (SARC) and Sexual Assault Prevention and

Response Victim Advocate (SAPR VA). When a victim of sexual assault presents to any Military Treatment Facility (MTF) in the Army, his or her care is managed by a Sexual Assault Clinical Provider (SACP) and Sexual Assault Care Coordinator (SACC) from initial presentation to completion of all follow-up visits related to the sexual assault. The victim will be offered a Sexual Assault Forensic Exam (SAFE), and if not already accompanied by a SARC or SAPR VA, the SACP or SACC will coordinate the process and explain reporting options. The SARC or SAPR VA will also provide a referral to appropriate services. With the implementation of the Special Victim Counsel Program, the victim will also be notified of the availability of a Special Victim Counsel by the SARC.

- Enhanced investigatory and prosecutory resources. The Army has invested a substantial amount of resources and training toward the investigation and response to sexual assault allegations. The U.S. Army Military Police School provides Special Victim Unit Investigative Training that focuses on memory and trauma, common victim behaviors, alcohol-facilitated sexual assaults, sex offender behaviors, male victimization, and the innovative victim interviewing technique that has resulted in a more in-depth and complete recollection of events than traditional methods of questioning. Investigators and attorneys from all three Services, as well as the Coast Guard and National Guard Bureau, attend this training, and it is regarded as the best education available to investigators and attorneys anywhere in Federal government. The Army also has a dedicated group of nearly 22 Sexual Assault Investigators (SAI) in the Criminal Investigation Command (CID), each of whom is specially trained to ensure allegations of sexual assault are fully and appropriately investigated. An additional 8 authorizations were added in FY14. The Judge Advocate General also manages 23 specially-trained Special Victims Prosecutor (SVP) Teams comprised of SVPs, paralegals, and SAPR VAs. Special Victim Investigators collaborate closely with SVPs, who are hand-selected at the Department of the Army level for their expertise in the courtroom and their ability to work with victims.

Developing a properly trained cadre of investigators is extraordinarily important in the Army's efforts to increase reporting because victims' willingness to initiate and follow through with investigations is directly related to whether they feel supported and believed. If their initial contact with law enforcement is a positive experience, victims' likelihood of pursuing cases increases.

Question: New evidence shows the bulk of sexual assaults may actually be committed by serial offenders, or predators, who have dozens, sometimes hundreds, of victims in a lifetime rather than a case of "mixed signals". Please explain what the new emphasis means and what kind of changes you're implementing based on this new evidence.

Answer: The Army is also aware of this line of research, much of it informed by the work of Dr. David Lisak, PhD, recently of the University of Massachusetts-Boston, which indicates that although incarcerated sex offenders may have been prosecuted on a single count of rape, in actuality those individuals went undetected in committing multiple incidents of rape throughout their lifetime, prior to apprehension. However, the Army currently does not have data to validate these findings within a military setting. We further agree with Dr. Lisak's research in that many offenders leverage their personal relationships with victims in order to affect a sexual assault. In fact, over 80 percent of military victims of sexual assault knew their attacker for at least a little while prior to the sexual assault. In addition, the sexual assault case synopses submitted to Congress each year since 2007 show another common pattern to sex offender behavior, that is a considerable portion of sexual assaults are perpetrated opportunistically by individuals known to the victim. These cases show signs of manipulative behavior on behalf of the alleged offender, but would not necessarily align with what most would consider predatory behavior.

As a result, the Army feels very strongly that its prevention and response work must address a wide variety of criminal and suspect behavior. In its prevention programs, the Army Sexual Harassment and Assault Response and Prevention (SHARP) program focuses on the benefits that an active and empowered bystander can achieve when they recognize situations at risk for sexual assault. The Army made a conscious decision to move to a bystander approach after a great deal of research and consultation with experts in the field of sex offender behaviors, such as Dr. Lisak. Given that 80 percent of military victims knew their offender, sexual assault is viewed as an "insider threat"—something that is most likely to be perpetrated by a friend or co-worker they see daily. The lessons learned from research on all sexual offenders, not just those with a particular pattern of behavior, is that prevention efforts should be geared mostly toward the bystander—male and female—who can be trained to identify predators and safely intervene in situations that have the potential to lead to sexual assault. Since 2006, the Army has incor-

porated bystander Intervention into its prevention and training curriculum at all levels of military operational and institutional training.

Research on the wide variety of offender behaviors also emphasized the need for highly-trained, highly-skilled Sexual Assault Investigators (SAI) who are skilled in identifying sexual predation. Early on, the Army invested in sexual assault investigators by adding 22 positions to the Criminal Investigation Command. An additional 8 SAI authorizations were added in FY14.

Question. Incidents of assault remain high among the 18–24-year-old junior enlisted population as well as a continued problem at the Service Academies. What are we doing to teach our newest servicemembers, who will someday become our nation's military leaders, about the military's no tolerance policy for sexual assault and the programs in place for both our recruits and at our service academies to raise awareness of this issue?

Answer. SHARP training is a key element in our multi-faceted prevention approach. SHARP training is integrated throughout the life-cycle of a Soldier's career, including "Future Soldier" training in which we engage Army recruits with SHARP and values training in the recruiting environment. Since 2011, SHARP training has been integrated into Army Initial Military Training (IMT). This training includes signs of abuse of power, sexual harassment/assault, and unprofessional relationships. The Army requires all trainees receive SHARP training within 14 days of reporting to IMT. This policy has been in place since 2012, making the Army a leader among the Services in that respect. The Army also requires SHARP Unit Refresher Training for all personnel and has expanded SHARP training throughout all levels of Operational and Institutional Training. Additionally, the Army provides SHARP training during pre-command courses, such as the Commander/First Sergeant Course, to provide commanders and Senior Non-Commissioned Officers (NCOs) with the skill sets required for them to lead from the front on the issue of sexual assault. Our Training and Doctrine Command has added sequentially progressive SHARP training at the Army's Professional Military Education schools for Soldiers, NCOs and Officers.

The Army has recognized the importance of fostering an environment free of sexual assault and harassment at the United States Military Academy (USMA). The West Point leadership has made this a top priority at the academy. The USMA Superintendent chairs a monthly Sexual Assault Review Board to ensure there is unity in effort throughout the military academy in combating sexual assault and harassment. Sexual assault prevention and response education is incorporated at every level of cadet progression. The Corps of Cadets have dedicated Sexual Assault Response Coordinators (SARC) and Victim Advocates (VA) to educate cadets and cadre and care for victims of these offenses. USMA also offers Special Victims Counsel and has a trained Sexual Assault Nurse Examiner to provide specialized legal and medical care to victims. Furthermore, the Corps of Cadets are taking a proactive role in changing the culture and eliminating sexual assault and harassment. They have established the Cadets Against Sexual Harassment and Assault (CASHA). This organization consists of trained facilitators who have become the subject matter experts in the Army's Sexual Harassment and Assault Response and Prevention Program. The program has grown to include a CASHA representative within every company. USMA will continue to combat sexual assault and harassment by attacking the problem from every level.

Question. What programs are in place to train our commanders and senior commissioned officers how to handle such cases?

Answer. The Army has sustained and expanded legal education for commanders, and added education for their senior enlisted advisors. Commanders who serve as courts-martial convening authorities attend mandatory legal education at the Senior Office Legal Orientation (SOLO) (for Special Courts-Martial Convening Authorities—SPCMCA) and the General Officer Legal Orientation (GOLO) (for General Courts-Martial Convening Authorities—GCMCA). Additionally, The Judge Advocate General's Legal Center and School (TJAGLCS) recently published the 2013 version of the Commander's Legal Handbook, which serves as a valuable resource for commanders.

The SOLO is a 4.5-day course that covers the MI breadth of a commander's legal responsibilities. Classes are generally 60–70 students with seminars and electives built into the curriculum. A significant portion of the course focuses on command responsibilities related to sexual assault. While most commanders who attend are brigade level commanders, a significant number of battalion commanders attend on a space-available basis. There are efforts to expand legal education for all battalion commanders and to enhance commander education at the company command level through standardized training support packages implemented at the local level.

The GOLO is a 1-day course that is required for all general officers who will serve as a GCMCA, but is also mandated by the Chief of Staff for all General Officers who are deploying. This course is conducted in a "one-on-one" setting and consists of mandatory topics including Sexual Harassment and Sexual Assault Prevention and Response, as well as elective topics that help focus the commander and specific topics relevant to their command.

The Command Sergeant Major Legal Orientation is a new 3.5-day course that covers legal topics relevant to the duties of the senior enlisted advisors to general officers and SES civilians. Attendees are nominative CSMs whose attendance is approved by the Sergeant Major of the Army. SHARP topics are emphasized in this course.

Training at the Company Commander and First Sergeant Course and the Battalion and Brigade Pre-Command Course (PCC) is specifically focused on preparing leaders for the unique SHARP responsibilities inherent in their respective levels of command. The instruction at the Battalion and Brigade PCC is provided by General Officers from the Office of the Judge Advocate General (OTJAG) and the Office of the Provost Marshal General. Each year, the Army also conducts a Sexual Harassment/ Assault Prevention Summit that commanders attend. During the Summit, attendee hear from national leaders, Department of Defense (DoD) and Army leadership, and subject matter experts, as well as exchange ideas with each other and provide feedback to Army leadership on challenges they face in executing the SHARP Program and ideas they have for improving it.

Question. This Committee provided an additional \$25 million to expand the Special Victims Counsel (SVC) program to all of the Services, to give victims their own lawyer to represent them through the process. Could you give us an update regarding timing for the implementation of the program in the Army?

Answer. Since January 1, 2014, the Special Victims Counsel (SVC) program for the Army's active component has been at full operating capability. The Army has received largely positive feedback, from both the program's clients and SVCs themselves, on the program.

The SVC program has a pool of judge advocates who are trained and certified to perform SVC functions—these attorneys are well supported and functioning under Legal Assistance Divisions across the Army. Since the SVC program's inception in August 2013, the Army has conducted four instructional courses—three face-to-face courses and one on-line course—training a total of 91 Active Army and 110 Reserve Component SVCs. The Reserve Component SVC Programs are ready to be at full operating capability no later than May 1, 2014. The active component Army SVCs are located world-wide, to include the Central Command Area of Responsibility. There are a limited number of small installations without a resident SVC but SVCs at identified larger installations will be directly responsible to support those few smaller installations. In addition, the SVC Program Manager(PM) has the ability to allocate assets as needed to ensure each and every Special Victim in the Army has the opportunity to have an SVC, regardless of location.

The Army SVC program presently represents over 700 clients, has conducted over 2,400 consultations, accompanied 556 clients to interviews with Trial Defense, Trial Counsel, and Criminal Investigation Division and appeared either by brief or in person on behalf of clients in over 125 court-martials. The program is fully funded by Congress and has the assets needed to carry out Congress's intent. The Army Judge Advocate General (JAG) Corps has enthusiastically embraced the SVC program and the Corps' leadership has made it one of its highest priorities.

Question. Does this year's budget request include sufficient funding for the Sexual Assault Prevention and Response Programs?

Answer. Sexual Assault Prevention and Response is an Army top priority. As such, the Army is committed to applying all resources necessary to effectively address this issue. As a reflection of the Army's commitment, the Army SHARP Program's budget is projected to grow by approximately \$44M from FY14 (\$86.70M) to FY15 (\$130.40M). We are doing everything in our power to maximize our SHARP funding line by continually assessing the efficacy of our program and by looking for ways to leverage best practices, eliminate redundant and inefficient procedures and by ensuring the full utilization of our resources. We are working diligently to meet our SHARP funding requirements and responsibilities.

WOMEN IN COMBAT

Question. Servicemembers often talk about 'Band of Brothers culture and the importance of unit cohesion and morale, particularly in certain specialties currently closed to women. How will opening these units to women impact unit cohesion? What kinds of challenges do you expect in integrating these kinds of units? What

has been the reaction of currently serving (male) servicemembers to opening positions to women? Do you expect them to be largely supportive or do you expect significant opposition to the integration?

Answer. The evidence to date does not indicate that integrating women into previously closed positions will have any negative impact on unit cohesion. The Army conducted interviews, focus groups and surveys of soldiers when women in open occupations were initially assigned to positions in headquarters and headquarters companies of maneuver battalions in select units. The results of those assessments indicated that women were successfully integrated into the units, and there were no negative impacts on unit cohesion or effectiveness.

Question. A recent Army survey showed that only 7.5% of the female Soldiers who responded said they were interested in combat positions, and younger Soldiers were more interested than mid-level Soldiers in those positions. Given that the Services have said they would like integration to begin at the more senior levels, will this hesitation present a roadblock to integration?

Answer. Preliminary results of the surveys conducted to date indicate that approximately twenty-two percent of women polled are “moderately interested” or “very interested” in serving in closed occupations. This survey represents a much larger polling population than other surveys because it included women of all ranks. The survey cited with only 7.5% interest only included junior Soldiers (O1–O3, E1–E6) who indicated they were “very interested.” Although results from the propensity survey are still being evaluated, data from recent assessments indicate a very encouraging trend regarding the level of interest of women to serve in closed occupations. While statistics serve as useful indicators of trends as part of the analytic process, Soldier feedback is equally, if not more, important. The Gender Integration Study will help us determine what is important to Soldiers, what they see as keys to success, and where they have concerns. Gender Integration Study data has been and will continue to be compiled and analyzed to inform Army leadership and develop strategies for future gender integration. The focus is on, and will continue to be on, expanding opportunities to women, rather than equating success to numbers.

Question. Do you expect to see women being integrated into all specialties, such as special forces units or infantry, for example? Are there any specialties that you are expecting the Services to recommend remain closed to women? Are there any specialties that you expect to approve requests to remain closed to women?

Answer. In accordance with the Army Implementation Plan, no later than 1 January 2016, the Secretary of the Army will either notify the Secretary of Defense to open positions and occupations, or request an exception to policy to keep the positions and occupations closed.

[CLERK’S NOTE.—End of questions submitted by Mr. Frelinghuysen.]

WITNESSES

	Page
Amos, General J. F	87
Dempsey, General Martin	1
Greenert, Admiral J. W	87
Hagel, Hon. Chuck	1
Hale, Robert	1
James, D. L	197
Mabus, Ray	87
McHugh, J. M	277
Odierno, General R. T	277
Welsh, General M. A., III	197

